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Via Hand Delivery

April 30, 2018

Ms. Kathryn J. Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Salt Creek Dialysis (Proj. No. 17-016)
Response to Request for Additional Information

Dear Ms. Olson:

Polsinelli represents DaVita Inc. and Avertrail Dialysis, LLC (collectively, the "Applicants"). In this capacity, we are writing in response to the Illinois Health Facilities and Services Review Board's (the "State Board") request for additional information regarding the Applicants' proposal to establish a 12-station dialysis clinic in Villa Park, Illinois (the "Proposed Clinic"). Pursuant to Section 1130.635 of the State Board's Procedural Rules, the Applicants respectfully submit the following information regarding the Proposed Clinic. This submission is responsive to State Board staff's request for additional information and also rebuts opposition testimony leveled at the Proposed Clinic subsequent to the issuance of an intent-to-deny. The identification of station need for dialysis services in HSA 7 subsequent to initial review of the Proposed Clinic along with the high growth rate of patients in the area to be served (along with associated increasing utilization of dialysis services) warrants the issuance of a fully positive State Board staff report.

As further described in this submission, the Proposed Clinic is located in diverse and dynamic planning area. The need for additional dialysis services in Villa Park is compelling but a careful assessment of the planning area and the target area to be served is essential for a full understanding of the clear health planning rationale for the establishment of the Proposed Clinic. The key points of this submission are summarized as follows:

- The Proposed Clinic would not create a maldistribution of stations based on the capacity of existing providers and the population;

- There is a need for 68 more dialysis stations than the current Need Determination of State Board identifies and a need for 24 stations in the identified patient service area;
- The growth rate of ESRD patients in the patient service area far outpaces growth of ESRD patients in the State of Illinois as a whole;
- The rapid increase in utilization of dialysis clinics in the patient service area indicates that the average utilization of those clinics will exceed 80% in 2020 when this project will be coming online.
- Recognizing the demand for additional services, the Proposed Clinic is well supported.

As discussed below, DaVita's primary competitor, the German-based Fresenius Medical Center and its affiliated nephrologists have been extremely vocal and misleading in opposing the Proposed Clinic. As you will see from the data provided in this letter, however, the project is fully justified by patient demand and will address one of the most significant and growing needs for additional dialysis services in the State of Illinois.

1. Need for the Proposed Clinic

Based on the April 18, 2018 update to the State Board's inventory of hemodialysis stations, there is currently a need for 49 stations in HSA 7, the highest demand for stations in the State. In fact, over half of the identified station need statewide is located in HSA 7. The purpose of this project is to address this need and improve access to life sustaining dialysis to residents of DuPage County. Importantly, DaVita does not currently operate any clinics in DuPage County, but Fresenius Medical Care operates 65% of the dialysis services in the immediate area. Accordingly, this project will not only address the increasing need for dialysis services, but will provide patients an opportunity to receive innovative care from DaVita in an area that is dominated by a single provider.

a. Maldistribution of Services/Ratio of Stations to Population

As we prepared to bring the Proposed Clinic project forward to the June 5, 2018 meeting, we reviewed the ratio of stations to population of the geographic services area contained on pages 98-100 of the CON permit application. In reviewing that data, we identified that numerous zip codes and their associated population had been excluded from the population calculation resulting in an error in the overall ratio to station population. This ratio is relevant for the determination of the proposed clinic application's compliance with Section 1110.230(c)(2)(A) of the State Board rules. The population of the relevant geographic service

area is 67% higher than originally identified. We apologize for the data collection issue in the previously submitted information.

Enclosed please find the listing of Zip Codes that are within the adjusted 30-minute travel time market contour as identified by Microsoft's MapPoint software. Please note that the drive time in Chicago is modified pursuant to the State Board rules to account for typical traffic congestion in the area and is 30 minutes/1.15 or 26 minutes. To properly calculate the zip code areas within the geographic service area, we pulled the 2010 US Census data and that information is also included herein. What this data shows is that there are 87 zip code areas within the travel time contour. Those 87 zip code areas have 2,393,345 residents within their boundaries. With the State Board's identified 590 dialysis stations, there is a ratio of 1 dialysis station to every 4,056 persons. This calculation shows that there are fewer stations per capita in the geographic service area of the Proposed Clinic than the State. See Table 1110.230(c)(2)(A). This demonstrates that hemodialysis services in the Proposed Clinic's geographic service area are less accessible to the population planned to be served.

Table 1110.230(c)(2)(A)
Ratio of Stations to Population

	Population	Dialysis Stations	Stations to Population	Standard Met?
Geographic Service Area	2,393,345	590	1: 4,056	Yes
State	12,978,800	4,745	1: 2,735	

b. Compound Annual Growth Rate for Dialysis Services and 2020 Projected Utilization of Dialysis Clinics

In making its wholly positive findings for the DaVita Hickory Creek, Project 16-63 and Fresenius Kidney Care New Lenox, Project 17-65 ("FKC New Lenox") projects in April 2018, the State Board analyzed not only current utilization of existing clinics but aggregated projected utilization of those clinics based on the four-year compound annual growth rate ("CAGR")[1] associated with the planned locations of those clinics. The Applicants concur with the State Board's approach (and, as discussed later in this submission, the opponents to this proposal, when convenient to their own business goals, agree with this approach). Using the trending utilization of services is an appropriate health planning tool. The approach also reduces conflicts between a finding that there is a need for services in the planning area and an "Unnecessary Duplication of Services" finding that is based on a static figure rather than on a growth trend. Without using the growth rate, a negative finding may occur even in areas of high

[1] December 2013 to December 2017.

growth/utilization. Therefore, as health planners, we should consider not only current utilization but historical use rate trends that will drive future need for services.

Importantly, a significant amount of planning area growth is centered in the Proposed Clinic's geographic service area. From December 2013 to December 2017, the Proposed Clinic's geographic service area experienced 20% growth (or 400 net patients). See Exhibit 2. This amounts to a CAGR of 4.57% in this area during that four year period. If the current trend continues in the GSA as we as health planners must assume it will in order to meet demand for care, the Applicants project there will be 2,794 in-center hemodialysis patients by CY 2020, and the 564 existing and approved stations will operate at 83% utilization. For all the clinics to operate at the State Board's 80% utilization target, 18 additional stations are needed in the Proposed Clinic's geographic service area by 2020.

Next the Applicants analyzed the 4 year CAGR for the Proposed Clinic's smaller patient service area, which is an approximate 5 mile radius around the Proposed Clinic and aligns perfectly with the State Board's new travel radius rules. The Applicants found the growth was more pronounced in the immediate area surrounding the Proposed Clinic than in either the 30 minute geographic service area or HSA 7. As shown in Exhibit 3, patient census at the clinics within 5 miles of the Proposed Clinic grew by 31% from 2013 to 2017, which is a CAGR of 7%. Applying the 7% growth rate to the 12/31/2017 patient census, the Applicants project there will be 417 dialysis patients in the 5 mile patient service area by 2020, which will result in average utilization of 89.1% for the existing and approved clinics. Importantly, for the existing and approved clinics to operate at their optimal capacity (80% per the State Board's rules) 24 additional stations are warranted for this area.

Importantly, what this data shows is not only is there a need for additional stations in HSA 7, beyond the State Board calculation, but more specifically, there is an acute need for stations in southern DuPage County, where the Proposed Clinic will be located.

c. Dialysis Station Need in HSA 7 is Understated by 68 Stations

In reviewing the historical data pertinent to the need for the Proposed Clinic, we note the State Board updated its inventory of Health Care Facilities and Services and Need Determinations for ESRD in August of 2017. At that time, the State used a 5-year projection to 2020 with the base year of 2015. Based on the need formula, the need calculation used the year 2015 dialysis use rates combined with the population estimates for that same year and projected that use rate on the anticipated population in 2020. As explained below, we now know that the resulting calculation identifying a need for 49 stations understates the 2020 demand for services.

To evaluate demand for ESRD services or "need" for the Proposed Clinic, we next reviewed more current utilization data that the State collects and publishes, namely dialysis

utilization information dated as of 12/31/2017. This review revealed, as Exhibit 4 indicates, that there was a 7% increase in ESRD patients between 2015 and 2017 in HSA 7. Due to a lag in use rate data reporting, the increased use rate, based on the 2020 population, results in a calculated need for 68 more stations than the State's official need calculation provide for, a total of 117 stations needed in HSA 7. This increased station need is due to the dialysis patient census in HSA 7 increasing by 346 patients in that two year period (or a CAGR of 3.4%). Note that we used the same formula that the State Board uses to reach this conclusion with the only difference being that we used more current dialysis use rates (12/31/2017) rather than the older data from 12/31/2015.

The Proposed Clinic will address the need for dialysis stations in HSA 7, which what we now know, from analyzing more current data, is understated by the Board. It is important to note that the State's station need calculation factors in not only the capacity of existing facilities but also the capacity of the newly permitted projects which will be opening soon. This need for additional stations is addressed by the Proposed Clinic. More specifically, the Applicant has identified an area that has a high concentration of groups at high-risk of acquiring ESRD that are aging. Given the significant growth in both the HSA 10 planning area as well as the more immediate Proposed Clinic's geographic service area, the Proposed Clinic is warranted as demonstrated by a methodical and objective assessment of current and future demand.

Further, with respect to need for additional dialysis services, DuPage Medical Group, Ltd. ("DMG") serves a large portion of the residents in DuPage County. Over time, DMG physicians have seen changes in their patients' health statuses as the population ages and develops the co-morbidities associated with renal failure. As the DMG patient base continues to age and its population of patients with CKD continues to grow, a comprehensive plan for caring for these medically complex patients has become a necessity for DMG. As a result, DMG determined it was imperative to bring nephrology into its complement of services. Among its patients, DMG identified that 3,529 are suffering from CKD and are at risk for advancing to ESRD. Serving these patients with a multi-disciplinary team of health care professionals is essential to ensuring an integrated kidney care model

2. Response to State Board Questions

Board staff requested some additional information on the innovative care that the Proposed Clinic will bring to DuPage County and also asked for clarification on some matters relating to medical records and payor status as more fully described below.

a. Innovative Care

DaVita innovation is an essential part of how DaVita approaches health care. In recent years, it has done immeasurable work to advance dialysis services across the U.S. With the

Proposed Clinic, for the first time it will bring its care models to DuPage County. While DaVita operates over 100 hemodialysis clinics in the State of Illinois and over 2500 clinics nationwide, it has no such services in DuPage County to serve a population of nearly one million residents. Both DaVita and DMG are leading providers within the healthcare community and strive to continually improve clinical outcomes and deliver the highest level of care through innovative processes. Because DaVita is working with DMG, a practice with diverse and collaborative disciplines, DaVita will be able to collaborate with nephrologists who are working with cardiologists, primary care physicians, endocrinologists and other specialists who routinely care for patients with renal disease. This level of integration and collaboration will help DaVita coordinate care and reduce patient costs associated with poor patient management between practitioners. The combination of Chicagoland's leading multi-specialty physician group and the nation's clinical leader in kidney disease care and management represents a unique opportunity to address the need for dialysis services for community residents. Exhibit 5 further describes DaVita and DMG care innovation as do the materials included in Attachment 11 from the application which are included with this supplement.

DMG's commitment to innovation is so great that practice representatives were invited to testify before the U.S. House Committee on Ways and Means Subcommittee on Health. Just last week, Dr. Mathew Philip, the DMG physician leading the BreakThrough Care Center testified before this congressional committee about the successes of Illinois Health Partners, the ACO DMG participates in. His testimony also focused on DMG's BreakThrough Care Center and the patients the Center focuses on. Specifically, he described how the Center transforms the care of patients whose historical care management was fragmented, resulting in poor outcomes. The Center's work is showing how through better coordination of their care, these patients thrive and require fewer medical interventions, and, in turn, drive down health care costs. The Center addresses that 5% segment of the senior population that accounts for 50% of the health care spend. Many of the candidates for the Center have kidney disease. The Center touts an intensive team oriented care model to meet the complex needs of this fragile population. The results have been tremendous showing that this approach can reduce hospital admissions, readmissions and medical complications of these fragile seniors by as much as 50%. This is particularly important for patients with kidney disease as the average dialysis patient has four co-morbidities and the number of hospitalizations for a kidney patient is 1.7 times per year for a total of 11 days hospitalized. The transcript of Dr. Philip's testimony is included as Exhibit 6.

b. Clinical Decision Making and the Role of the Electronic Health Record

DMG nephrologists on staff at FMC/NANI clinics do have access to their patients' FMC generated clinical data as users of the FMC platform. As medical staff members, dialysis clinic data is available real time for nephrologists for care provided by both FMC and DaVita clinics. This is not the issue. Dr. Paul Merrick, who testified on the topic of EHR at the September 2017

hearing, is not a nephrologist but was speaking for the physicians within DMG as a whole. Dr. Merrick's perspective on lack of timely access to patient data to drive clinical decision making for fragile patients with complex medical needs is that of the non-nephrologist caretaker who needs to coordinate kidney patient care with nephrologists and other specialists on the kidney patient's care team.

As stated above, it is usually the case that a kidney patient has multiple co-morbidities. Those commonly include:

- diabetes,
- hypertension,
- cardiovascular disease,
- congestive heart failure,
- lung disease
- peripheral vascular disease\
- neurological conditions
- malnutrition
- infectious diseases
- drug abuse

Therefore, other physicians in the practice who regularly share the care of these patients are cardiologists, endocrinologists, vascular access surgeons and primary care providers, including those care team members who work in the BreakThrough Care Center.

The issue at heart of the discussion around access to clinical data is the timeliness of access to the data and the integration of the health record. References made to "walling off" patient data relate to the required security measures that the HIPAA and related privacy laws impose on providers to ensure patient confidentiality. Difficulty in accessing historical clinical information relevant to a patient's kidney disease and lack of integration of records of care outside the physician's office is a challenge to integrated kidney care. This is due to the fact that even if there is an interface like Care Everywhere which allows a provider that utilizes Epic EHR to query other Epic providers anywhere in the world for certain medical records, access to such records through Care Everywhere is only available with the patient's written consent. While

efforts to make more patient data more available across the continuum of care is progressing, patients often benefit from an interdisciplinary team working on the same EHR platform and practicing in a coordinated way in the same practice as the DMG patient experience provides. The vision of seamless care where patients, in effect, travel with their medical record is not on the foreseeable horizon. In the interim, a multi-disciplinary practice is the immediate solution to optimizing clinical decision support through the electronic health record.

c. IlliniCare

State Board staff requested that DaVita provide clarification on a statement made by a DaVita representative on September 26, 2017 at the HFSRB meeting on the participation of FMC in IlliniCare Health Managed Care Community Network. By way of background, during 2016 and 2017, FMC did not participate in this insurance product. At the beginning of 2018, we understand FMC became enrolled in IlliniCare. During that September 2017 hearing, a DaVita representative accurately stated that FMC did not participate in the IlliniCare product at that time. DaVita participated in IlliniCare when those statements were made and continues to be a participating provider in that plan. With FMC enrollment in IlliniCare Health beginning in 2018, the issue is moot. For your reference, upon establishment of the Proposed Clinic, it is the expectation that the Proposed Clinic will also participate in the IlliniCare Health insurance product consistent with the general DaVita insurance programs.

3. Responding to Public Comments

We have included some additional information to specifically counter certain allegations made by the opponents of the Proposed Clinic. Those comments are included as Exhibit 7 to this letter.

Thank you for your consideration of the Proposed Clinic. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Anne M. Cooper

Attachments

Cc: Gaurav Bhattacharyya

Exhibit 1

Population by Zip Code Salt Creek Dialysis 30 Minute GSA		
Zip Code	City	Population
60174	Saint Charles	30,752
60555	Warrenville	13,538
60563	Naperville	35,922
60565	Naperville	40,524
60532	Lisle	27,066
60517	Woodridge	32,038
60515	Downers Grove	27,503
60516	Downers Grove	29,084
60559	Westmont	24,852
60561	Darien	23,115
60527	Willowbrook	27,486
60514	Clarendon Hills	9,708
60521	Hinsdale	17,597
60558	Western Springs	12,960
60185	West Chicago	36,527
60190	Winfield	10,663
60184	Wayne	2,448
60103	Bartlett	41,928
60189	Wheaton	30,472
60187	Wheaton	29,016
60188	Carol Stream	42,656
60139	Glendale Heights	34,381
60133	Hanover Park	38,103
60108	Bloomingdale	22,735
60172	Roselle	24,537
60107	Streamwood	39,927
60194	Schaumburg	19,777
60169	Hoffman Estates	33,847
60193	Schaumburg	39,188
60195	Schaumburg	4,769
60067	Palatine	38,585
60137	Glen Ellyn	37,805
60148	Lombard	51,468
60157	Medinah	2,380
60101	Addison	39,119
60191	Wood Dale	14,310

Population by Zip Code Salt Creek Dialysis 30 Minute GSA		
Zip Code	City	Population
60143	Itasca	10,360
60007	Elk Grove Village	33,820
60523	Oak Brook	9,890
60181	Villa Park	28,836
60126	Elmhurst	46,371
60162	Hillside	8,111
60163	Berkeley	5,209
60164	Melrose Park	22,048
60106	Bensenville	20,309
60173	Schaumburg	12,217
60008	Rolling Meadows	22,717
60005	Arlington Heights	29,308
60056	Mount Prospect	55,219
60018	Des Plaines	30,099
60016	Des Plaines	59,690
60004	Arlington Heights	50,582
60480	Willow Springs	5,246
60525	La Grange	31,168
60526	La Grange Park	13,576
60513	Brookfield	19,047
60534	Lyons	10,649
60402	Berwyn	63,448
60154	Westchester	16,773
60155	Broadview	7,927
60104	Bellwood	19,038
60165	Stone Park	4,946
60160	Melrose Park	25,432
60141	Hines	224
60546	Riverside	15,668
60130	Forest Park	14,167
60153	Maywood	24,106
60305	River Forest	11,172
60707	Elmwood Park	42,920
60131	Franklin Park	18,097
60176	Schiller Park	11,795
60171	River Grove	10,246
60634	Chicago	74,298
60706	Harwood Heights	23,134

Population by Zip Code Salt Creek Dialysis 30 Minute GSA		
Zip Code	**City**	**Population**
60656	Chicago	27,613
60631	Chicago	28,641
60304	Oak Park	17,231
60301	Oak Park	2,539
60302	Oak Park	32,108
60804	Cicero	84,573
60644	Chicago	48,648
60651	Chicago	64,267
60624	Chicago	38,105
60630	Chicago	54,093
60068	Park Ridge	37,475
60714	Niles	29,931
60612	Chicago	33,472
Total		**2,393,345**

Source: U.S. Census Bureau, Census 2010, American Factfinder *available at* https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml (last visited April 30, 2018)

Salt Creek 4 Year CAGR

Facility	Ownership	Address	City	County	Distance	Time	HSA	Number of Stations 12/31/17	Number of Patients 12/31/2013	Utilization % 12/31/2013	Number Patients 12/31/17	Utilization % 12/31/17
US Renal Care Villa Park	USRC	200 East North Avenue	Villa Park	DuPage	1	1	7	13	62	79.49%	68	87.18%
NxStage Oak Brook		1600 West 16th Street	Oak Brook	DuPage	5	10	7	8	0	0.00%	21	43.75%
Fresenius Medical Care Elmhurst	Fresenius	133 E Brush Hill Road	Elmhurst	DuPage	5	12	7	28	101	60.12%	115	68.45%
Fresenius Medical Care Glendale Heights	Fresenius	130 East Army Trail	Glendale Heights	DuPage	5	13	7	29	96	55.17%	136	78.16%
Elk Grove Dialysis Center	Fresenius	901 West Beisterfield Road	Elk Grove Village	Cook	10	18	7	28	148	88.10%	140	83.33%
USRC Oak Brook	USRC	1201 Butterfield Rd Suite B	Downers Grove	DuPage	9	16	7	13	34	43.59%	66	84.62%
Fresenius Medical Care -Lombard	Fresenius	1940 Springer Drive	Lombard	DuPage	8	16	7	12	36	50.00%	51	70.83%
Fresenius Medical Care Westchester	Fresenius	2400 Wolf Road, Ste 101	Westchester	Cook	8	16	7	22			82	62.12%
RCG - Schaumburg	Davita	Town Center, NW Corner	Schaumburg	Cook	12	18	7	20	73	60.83%	79	65.83%
FMC Dialysis Services of Willowbrook	Fresenius	6300 South kingery Highway	Willowbrook	DuPage	11	20	7	20	76	63.33%	75	62.50%
North Avenue Dialysis Center	Fresenius	719 West North Avenue	Melrose Park	Cook	7	20	7	24	112	77.78%	111	47.92%
Downers Grove Dialysis Center	Fresenius	3825 Highland Ave., Suite 102	Downers Grove	DuPage	9	21	7	16	73	76.04%	68	70.83%
Neomedica Dialysis Ctrs - Rolling Meadows	Fresenius	4180 Winnetka Avenue	Rolling Meadows	Cook	16	21	7	24	111	77.08%	109	75.69%
Fresenius Medical Care River Forest	Fresenius	103 Forest Avenue	River Forest	Cook	11	23	7	22	95	71.97%	94	71.21%
Maple Avenue kidney Center		610 South Maple Avenue	Oak Park	Cook	12	24	7	18	69	63.89%	91	84.26%
Fresnius Medical Care Northwest	Fresenius	4701 North Cumberland	Norridge	Cook	12	25	7	16	71	73.96%	80	83.33%
Fresnius Medical Care Des Plaines	Fresenius	1625 Oakton Street	Des Plaines	Cook	14	22	7	12	1	1.39%	51	70.83%
Fresenius Medical Care of West Chicago	Fresenius	1859 N. Neltnor Blvd.	West Chicago	DuPage	13	26	7	12	29	40.28%	58	80.56%
USRC Streamwood Dialysis	USRC	149 E. Irving Park Rd	Streamwood	Cook	17	26	7	13	27	34.62%	48	61.54%
Fresenius Medical Care Hoffman Estates	Fresenius	3150 West Higgins Road	Hoffman Estates	Cook	20	26	7	20	107	89.17%	111	92.50%
RCG - Arlington Heights Northwest kidney Center	Davita	17 West Golf Road	Arlington Heights	Cook	12	26	7	18	66	61.11%	75	69.44%
Fresenius Medical Care Palatine	Fresenius	605-691 East Dundee Road	Palatine	Cook	20	26	7	17	48	47.06%	90	88.24%
Oak Park Dialysis Center	Fresenius	733 West Madison Street	Oak Park	Cook	13	23	7	12	48	66.67%	63	87.50%
ARA-South Barrington Dialysis	ARA	33 W. Higgins Road	S. Barrington	Cook	21	28	7	14	61	72.62%	50	59.52%
RCG-Buffalo Grove	Davita	1291 W. Dundee Road	Buffalo Grove	Cook	21	28	7	16	60	62.50%	60	62.50%
Bolingbrook Dialysis Center	Fresenius	538 Boughton Road	Bolingbrook	Will	19	29	9	24	120	83.33%	123	85.42%
Fresenius Medical Care Summit	Fresenius	7319 Archer Avenue	Summit	Cook	20	29	7	12			30	41.67%
Fresenius Medical Care of Naperville North	Fresenius	514-516 West 5th Avenue	Naperville	DuPage	18	30	7	21	75	59.52%	79	62.70%
Fresenius Medical Care Melrose Park	Fresenius	1111 Superior Street	Melrose Park	Cook	7	20	7	18	68	62.96%	78	72.22%
Total - Clinics Operational >2 Years								**522**	**1867**	**59.61%**	**2302**	**73.50%**

Facility	Ownership	Address	City	County	Distance	Time	HSA	Number of Stations 12/31/17	Number of Patients 12/31/2013	Utilization % 12/31/2013	Number Patients 12/31/17	Utilization % 12/31/17
Loyola Dialysis Center	Loyola	1201 West Roosevelt Road	Maywood	Cook	10	22	7	30	123	68.33%	141	78.33%
Nocturnal Dialysis Spa		1634 S. Ardmore Avenue	Villa Park	DuPage	3	9	7	12	0	0.00%	-	0.00%
Fresenius Medical Care Schaumburg	Fresenius	825 Wise Road	Schaumburg	Cook	13	21	7	12			-	0.00%
Resurrection Medical Center	Presence	7435 West Talcott	Chicago		14	21	6	14	53	63.10%	-	0.00%
Total								**590**	**2043**	**57.71%**	**2443**	**69.01%**

Growth 2013 to 2017	20%
4 Year CAGR	4.57%
2018 Projected Patients	2,555
2019 Projected Patients	2,671
2020 Projected Patients	2,794
2020 Projected Utilization*	83%
2020 Calculated Station Need	582
2020 Approved Stations	564
2020 Station Need	18

*Excludes non-reporting facilities (Resurrection Medical Center and Nocturnal Dialysis Spa)

Salt Creek 4 Year CAGR

Facility	Ownership	Address	City	County	Distance	Time	HSA	Number of Stations 12/31/17	Number of Patients 12/31/2013	Utilization % 12/31/2013	Number Patients 12/31/17	Utilization % 12/31/17
US Renal Care Villa Park	USRC	200 East North Avenue	Villa Park	DuPage	1	1	7	13	62	79.49%	68	87.18%
Nocturnal Dialysis Spa		1634 S. Ardmore Avenue	Villa Park	DuPage	3	9	7	12	0	0.00%	-	0.00%
NxStage Oak Brook		1600 West 16th Street	Oak Brook	DuPage	5	10	7	8	0	0.00%	21	43.75%
Fresenius Medical Care Elmhurst	Fresenius	133 E Brush Hill Road	Elmhurst	DuPage	5	12	7	28	101	60.12%	115	68.45%
Fresenius Medical Care Glendale Heights	Fresenius	130 East Army Trail	Glendale Heights	DuPage	5	13	7	29	96	55.17%	136	78.16%
Total - Clinics Operational >2 Years								**78**	**259**	**55.34%**	**340**	**72.65%**
Total								**90**	**259**	**47.96%**	**340**	**62.96%**

Growth 2013 to 2017	31%
4 Year CAGR	7.04%
2018 Projected Patients	364
2019 Projected Patients	390
2020 Projected Patients	417
2020 Projected Utilization*	89.10%
2020 Calculated Station Need	87
2020 Approved Stations	78
2020 Station Need	9

*Excludes non-reporting clinic (Nocturnal Dialysis Spa)

Exhibit 4

	HSA 7
Planning Area Population – 2015	3,466,200
In Station ESRD Patients – 2017	5,342
Area Use Rate 2017	1.54
Planning Area Population - 2020 (Est)	3,508,600
Projected Patients – 2020	5,407
Adjustment	1.33
Patients Adjusted	7,192
Projected Treatments – 2020	1,121,916
Existing Stations	1,381
Stations Needed – 2020	1,498
Number of Stations Needed	117
HFSRB Monthly Update 04-18-2018	49
In Station ESRD Patients - 12/31/2015	4,996
% Increase in Patients 2015 to 2017	6.93%
Area Use Rate - 2015	1.44

Exhibit 5

DaVita – DMG Care Innovation

DaVita is Innovating the ESRD Model of Care to Achieve the Triple Aim

The shift toward value-based healthcare is providing a substantial opportunity to improve patient care experiences and clinical outcomes while reducing costs. While many providers and health plans are deploying chronic care management programs for the general patient population, few are doing what DaVita is doing addressing a unique set of chronically-ill patients. DaVita is pulling ahead of the curve to launch comprehensive models of care that address the unique needs of the highest-risk, most medically complex outlier groups, with a focus on patients with ESRD. DaVita aims to achieve three key goals, the triple aim: enhanced patient experience, improved population health and reduced costs.

Both DaVita and its partner DuPage Medical Group, Ltd. (DMG) bring values, assets and innovative roots to the Proposed Clinic that are critical to the success of a high-quality patient delivery model. People with compromised renal function face multiple challenges—such as multiple comorbidities, healthcare system navigation and emotional challenges —that require customized capabilities to manage across the care continuum. DaVita is partnering with DMG to advance its model of integrated kidney care which comprehensively addresses these concerns and can extend across multiple programs: the government's End Stage Renal Disease Seamless Care Organizations (ESCOs), Medicare Advantage Chronic Special Needs Plans (C-SNPs) and population health management programs with providers and payers that address not only ESRD but also kidney disease patients whose condition has not advanced to ESRD and who may be able to maintain their kidney function for their lifetime with proper intervention.

DaVita has been at the forefront of innovation in the care of patients with end-stage renal disease throughout its history. This has resulted in outstanding quality, patient satisfaction, and provider accolades. Examples of the many ways that DaVita has delivered high-quality care with innovative models are included below:

1. **DaVita Rx.** DaVita offered the first ever renal-specific pharmacy, DaVita Rx, which focuses on the unique needs of dialysis patients. Since 2005, DaVita Rx has been helping improve outcomes by delivering medications to dialysis centers or patients' homes, thereby helping patients stay on top of their drug regimens. As a result, DaVita Rx patients have medication adherence rates greater than 80% – almost double that of patients who fill their prescriptions elsewhere – and are correlated with 40% fewer hospitalizations.

2. **Medicare Compare Star Program Leader.** DaVita has exceptional Star Ratings for its clinics across the country and in the Chicago metropolitan area. The Star Ratings system, also known as the Dialysis Facility Compare Star Program, is a rating system developed by Medicare that assigns one to five starts to dialysis clinics by comparing the health statistics of the patients in DaVita's clinics to patients in other dialysis clinics across the country. Each dialysis clinic is graded on nine separate health statistics. These include (i) mortality ratios, (ii) hospitalizations, (iii) blood transfusions; (iv) incidents of

hypercalcemia (too much calcium in the blood); (v) percentage of waste removed during hemodialysis, (vi) percentage of waste removed in adults during peritoneal dialysis, (vii) percentage of AV fistulas; and (viii) percentage of catheters in use over 90 days. The Star Ratings system is an objective and simple measure of DaVita's innovation. 48% of DaVita clinics in the Chicago area have four- or five-star ratings. Comparing this to competitor clinics, only 16% have four- or five-star ratings. Additionally, DaVita's average Star Rating in the Chicago area is 3.5, compared to an average of 2.5 for other dialysis providers.

On April 27, 2018, DaVita announced that it has led the industry for the fourth year by meeting or exceeding Medicare standards in the CMS Star Ratings System. DaVita's focus on helping improve patients' health and quality of life is demonstrated in this year's Five-Star ratings, where the company has more three, four and five star centers than it has ever had in the history of the program. The results mark DaVita's best quality performance in the program to date.

3. **Medicare Quality Incentive Program Leader.** DaVita was the clinic leader nationally of the Medicare Quality Incentive Program (QIP) based on 2016 data, a distinction that DaVita has won for four straight years. The QIP is part of Medicare's ESRD program aimed at improving the quality of care provided to Medicare patients. DaVita also had the highest average total performance score among all large dialysis organizations (those with at least 200 centers in the U.S.) and ranks first in four clinical measures in the ESRD QIP program. For example, DaVita's average QIP score is 76 compared to 69 for Fresenius and 66 for all other dialysis providers.

4. **Transplant Waitlist Support Program.** On April 24, 2018 DaVita and Methodist Specialty and Transplant Hospital in San Antonio, Texas, announced the launch of the co-developed Transplant Waitlist Support Program. The purpose of the program is to help keep waitlisted patients transplant-ready by deploying a technology-enabled solution to proactively and electronically exchange patient information between DaVita and the transplant center. With growing waitlists for transplant, transplant program coordinators struggle to maintain current patient data such as health status changes or correct contact information. Having outdated contact information can result in a patient missing a transplant opportunity when a matching donor becomes available. The Transplant Waitlist Support Program represents how transplantation and dialysis providers work together instead of operating in separate silos. The ultimate goal is to provide better care for patients suffering from chronic kidney disease (CKD). The Transplant Waitlist Support Program bridges gaps that have previously impacted the constancy of that care. The Transplant Waitlist Support Program will be available to other transplant centers in the near future, fulfilling a major goal for DaVita to help improve the transplant waitlist experience nationwide.

5. **Strong Promoter of Home Modalities.** DaVita works closely with patients to promote home dialysis modalities. All DaVita dialysis clinics also have a staff member designated as a "Home Champion," who meets with all new admissions to focus solely on home modalities and benefits. If patients express any interest or questions, DaVita

proactively schedules a follow up visit with a home nurse within 10 days and can typically help patients transition to home peritoneal dialysis within the first month.

6. **CKD Education with Kidney Smart.** DaVita offers the Kidney Smart program to help improve intervention and education for pre-ESRD patients, including education about home dialysis modalities. Kidney Smart includes the development of a care plan for patients with CKD with strategies to slow the loss of kidney function, manage comorbidities, and prevent or treat cardiovascular disease and other complications of CKD, as well as ease the transition to kidney replacement therapy. These efforts help patients reduce, delay, and prevent adverse outcomes from otherwise untreated CKD, encouraging patients to take control of their health and make informed decisions about their care.

7. **New Dialysis Patient IMPACT Program.** DaVita operates the Incident Management of Patients, Actions Centered on Treatment or IMPACT program which seeks to reduce patient death rates during the first 90 days of dialysis, through the patient intake, education and management, and reporting efforts. IMPACT has helped address the critical issues of the incident dialysis patient and improved DaVita's overall gross mortality rate, which has decreased 28% in the last 13 years.

8. **CathAway Program: DaVita's Promotion of AV Fistulas for Vascular Access.** National guidelines promote increasing the prevalence of arteriovenous (AV) fistula use for dialysis access. AV fistulas are considered the preferred type of vascular access for hemodialysis patients, far superior to using a central venous catheter (CVC). DaVita works to reduce the number of patients with CVCs through the CathAway program. Compared to CVCs, AV fistulas have superior patency, lower complication rates, improved adequacy, lower costs, and decreased risk of patient death. CathAway is designed to comply with CMS's National Vascular Access Improvement Initiative (NVAII) through patient education outlining the benefits of AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. Through DaVita's proactive efforts, patient catheter use rates decreased 46% in seven years.

9. **DaVita Hospital Services.** DaVita Hospital Services was the first inpatient kidney care service to receive Ambulatory Health Care Accreditation from The Joint Commission. This was the result of DaVita's efforts in identifying key areas for improvement, offering comprehensive training, and coordinating 156 hospital site visits for The Joint Commission Surveyors. This Accreditation allows DaVita to monitor and evaluate the safety of kidney care and apheresis therapies against ambulatory industry standards, and to have shared standards in place with hospital partners to further measure performance and improve alignment.

10. **Physician Engagement.** DaVita offers its affiliated nephrologists the opportunity to earn Maintenance of Certification credits for participating in dialysis unit quality improvement activities. This certification helps to engage DaVita medical staff members and highlights each participating nephrologists' knowledge and skill level to deliver high quality patient care.

11. **Digital Health**. DaVita is a partner of Rock Health, the first venture fund dedicated to digital health and a leader in fostering health care innovation. Rock Health identifies health technology companies supporting patients and consumers with many disease management and wellness initiatives including diabetes prevention and management, mental health and memory care, cardiovascular health, and wellness and general health. DaVita also directly delivers the top kidney care online resource in the world: DaVita.com

DAVITA'S INTEGRATED KIDNEY CARE MODEL

DaVita is leading the shift to integrated kidney care through promoting C-SNPs and ESCO demonstrations.[1] After being selected through the CMS bidding process, DaVita now operates demonstration program ESCOs in three markets, Phoenix, Miami and Philadelphia. These ESCOs are producing valuable experiences for DaVita to incorporate in its clinics throughout the country and providing a foundation for an even better integrated kidney care model for the future. DaVita passionately believes that integrated care should be the standard for all people with kidney disease. The shift to value-based reimbursement is helping to accelerate the opportunity for more patients to benefit from integrated care. The primary objective of VillageHealth, DaVita's renal population health management division, is for patients to live healthier and higher quality lives.

DaVita's integrated kidney care programs have demonstrated compelling results:

- 25 percent lower hospitalization rate than the industry average
- 51 percent lower readmission rate than the industry average
- Up to 21 percent addressable cost savings over four years

Patients with CKD are among the most vulnerable and medically complex populations suffering from a chronic illness. Integrating care for people with kidney disease involves coordinating care before and during the transition to dialysis or transplant and then inside and outside of the dialysis clinic to achieve better clinical outcomes and improve patient quality of life. When done right, integrated care can translate into significant cost savings for the greater health care system – including payors, providers and taxpayers – and ultimately patients themselves.

For more than two decades, DaVita has led the industry in providing proven, renal population health management. As the country's largest renal NCQA-accredited provider, DaVita currently impacts the lives of more than 20,000 patients each month through its health system partnerships, C-SNPs and ESCOs. DaVita's three ESCOs have achieved 100 percent quality reporting scores, experienced a 13 percent reduction in hospital readmissions and saved $4,868 per patient per year. While DaVita is focused on a specific condition, ESRD, and more specifically on dialysis, DaVita is also committed to being a key player in population health management and value based care for kidney patients. This is in furtherance of DaVita's mission statement, which includes the missions of creating the greatest health care community the world has ever seen and being a role model for American health care.[2] As a niche provider, DaVita cannot do this alone.

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[1] The Comprehensive ESRD Care (CEC) Model is designed to identify, test, and evaluate new ways to improve care for Medicare beneficiaries with End-Stage Renal Disease (ESRD). Through the CEC Model, CMS partners with health care providers and suppliers to test the effectiveness of a new payment and service delivery model in providing beneficiaries with person-centered, high-quality care. The Model builds on Accountable Care Organization experience from the Pioneer ACO Model, Next Generation ACO Model, and the Medicare Shared Savings Program to test Accountable Care Organizations for ESRD beneficiaries.

[2] For additional information, see https://www.davita.com/about.

This is where its partnership with DMG comes in. DaVita already works hand-in-hand with nephrologists to optimize care, but by partnering with DMG, DaVita has the opportunity to collaborate on population health management and further improve care delivery and coordination services to the benefit of patients.

Like DaVita, DMG continually strives to innovate. The practice's model is Quality, Efficiency and Access (QEA), and DMG seeks to offer a proactive model of health care – providing quality care, in the most advanced facilities, aided by the latest technology. Recent examples of innovation by DMG include the following:

1. **BreakThrough Care Center.** DMG operates the BreakThrough Care Center, a comprehensive, holistic outpatient clinic serving the most vulnerable Chicagoland seniors who struggle with chronic disease. The Center is designed to improve medical outcomes while lowering health care costs and improving patients' ability to manage their health outcomes. It has been a success since its opening in 2014. Patients' biometrics have improved, health care utilization has been optimized (with all patients seen within 24 hours of hospital discharge), and ER admission rates and acute admissions have decreased. Patients have a 30-day chronic readmission rate of only 7.2% and a high generic pharmacy utilization rate of 89%.[3]

2. **Illinois Health Partners.** Accountable Care Organizations (ACOs) are groups of doctors, hospitals and other health providers who come together voluntarily to provide high quality care to their Medicare patients. DMG is part of Illinois Health Partners, the fifth largest ACO in the country, of which nearly half of patients are DMG members. Illinois Health Partners ranks in the bottom quartile for cost per beneficiary and the top 15% for quality. It is also the top-performing ACO in Illinois and the lowest cost ACO in Chicago.

3. **Integrated Oncology Program.** DMG cancer patients benefit from its renowned Integrated Oncology Program, which is comprised of physicians who specialized in medical and radiation oncology and partner with myriad other specialists to provide a broad range of oncology services. Through this model, DMG physicians help patients navigate the entire treatment process from screening and diagnosis to treatment recovery and support. DMG also continues to invest in technology to aid in the most accurate diagnoses and treatment options available. This allows DMG patients to access the latest clinical trials, emerging treatments, and adapt to the ever-changing needs of its patients. As a result, DMG's Integrated Oncology Program remains the only accredited Freestanding Cancer Center in Illinois, a distinction bestowed by the Commission on Cancer of the American College of Surgeons.[4]

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[3] Additional information is provided in the attached summary of the BreakThrough Care Center.

[4] For additional information, see https://www.dupagemedicalgroup.com/userfiles/file/AnnualReport_2017_Web.pdf.

DMG's success in these and other areas of innovation will be invaluable as DaVita and DMG work to jointly manage highly complex CKD and ESRD patient populations. As discussed further in the Application, DaVita and DMG expect the Proposed Clinic to serve as the genesis of a patient care delivery model that will rectify current shortcomings and remove impediments to optimal care of patients with kidney disease within DuPage County. The symbiosis of DMG and DaVita's resources and talents will immediately address identified weaknesses within current care delivery models and lead to future advances designed to meet the growing needs of those with ESRD in DuPage County.

Patients at risk of losing their renal function will benefit from DMG's multi-disciplinary team that works to jointly maintain kidney function and slow the progression of kidney disease. DMG patients benefit from increased communication between primary care physicians, nephrologists and other specialists who work together at DMG to treat the entire patient. This process is set in motion by patients' timely referral to nephrologists and coordinated efforts by their physician care team to address a patient's kidney disease and any underlying factors leading to its progression. This includes efforts to help improve adherence to treatment plans and lifestyle modifications to reduce diabetes rates and manage hypertension. Additionally, because DMG physicians have centralized scheduling and coverage determinations, patients have an entire network of specialists they can call upon without facing administrative road blocks or insurance obstacles. DMG is committed to preventing CKD and its related comorbidities in its patient base. DaVita wants to support these efforts and regularly lends tools and other assistance to support these goals.

For those CKD patients whose kidney disease progresses to ESRD, DMG nephrologists are adept in ensuring a smooth transition to dialysis, including the timely placement of AV fistulas prior to a patient beginning hemodialysis to avoid unnecessary procedures and complications. DMG patients would then continue to receive seamless and coordinated care as they begin their dialysis with DaVita at the Proposed Clinic. Patients' care teams will continue to have aligned incentives to reduce hospitalization, improve clinical outcomes and delivery critical interventions. Patients will benefit from having renal nurse care managers who coordinate their care among the dialysis center care team (renal nurses, dieticians, and social workers), nephrologists, specialists, behavioral health specialists and pharmacists. Additionally, renal nurse care managers will utilize robust technology platforms, including predictive models and analytics to deliver clinical protocols developed with each patient in mind.

DaVita's proprietary patient care tools, educational resources, quality initiatives, and in-center hemodialysis operational expertise, along with DMG's medical staff collaboration, integrated EHR systems, patient-oriented health portal, and robust administrative support tools, further provide the foundation for an innovative approach to this joint venture.

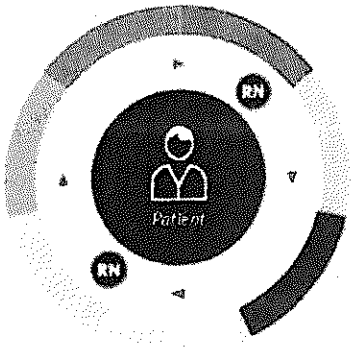
The DaVita-DMG partnership truly integrates primary care physicians, nephrologists, and other specialists into the care model to enhance collaboration by all providers to decrease disease progression, mortality rates, and hospitalization rates. As illustrated in the attached diagram titled "DaVita Comprehensive Care Model," this collaboration will improve every aspect of patient care.

DaVita Comprehensive Care Model

Care Management Capabilities:

Specialized Renal Services

Late Stage CKD Interventions



Aligned Incentives:

Multidisciplinary Care Team

Technology

Network Adequacy

A DMG-DaVita partnership integrates PCPs, Nephrologists, and other specialists into the care model to enhance collaboration by all providers to improve outcomes and reduce costs

EXHIBIT 6

THIS TESTIMONY IS EMBARGOED UNTIL THE START OF THE HEARING THURSDAY, APRIL 26 AT 10:00 AM

Comments for the Record

U.S. House Committee on Ways and Means, Subcommittee on Health

Hearing on

Innovation in Healthcare

Thursday, April 26, 2018

By Mathew Philip, MD

Physician and Member of the Board of Directors

DuPage Medical Group

Mr. Chairman, Ranking Member Neal, members of the Committee, good morning and thank you for inviting me to appear here today to share with you our best practices and innovation in health care delivery. I am Dr. Mat Philip, an internal medicine physician with DuPage Medical Group, one of the largest, independent multi-specialty physician groups in the country located in Suburban Chicago. With more than 700 physicians, 200 advanced practice professionals and 4,900 employees, we see more than 800,000 unique patients annually. I joined DMG in 2009, after finishing my training at Northwestern University Feinberg School of Medicine and University of Illinois in Chicago. DMG is an organization that focuses on delivering the highest quality of care, service and value to the communities we serve. DMG accomplishes this through an integrated outpatient delivery model. I serve on the Board of Directors and my practice is dedicated to caring for fragile seniors.

It is critical that the Committee is seeking to understand this issue. As a physician-owned and directed group, we believe that the power to change health care delivery rests in large part with physicians and the relationship we have with our patients. DMG is constantly looking for ways to innovate and improve health care. As many of you know, an average of 10,000 people each day turn 65, each year, and that

number will increase. Several years ago, it became clear that the most vulnerable patients in our communities were seniors, and they were being underserved by the system. These patients are many times home-bound without any support system around them. Most have co-morbid diseases and lack access to doctors, medications, transportation and in many instances proper nutrition. The main access point to care for these seniors is dialing 911, which leads to a continuous cycle of emergency room visits and numerous hospitalizations. These patients can be hospitalized for the same diagnosis dozens of times per year. Our goal is to help keep these patients at home and out of the hospital. In fact, data from the Department of Health and Human Services noted that approximately 5% of patients account for 50% of healthcare costs among seniors. It was obvious to me and my colleagues that there was a better way to help these patients. Through a physician-driven exercise, we started an intensive team-oriented care model to meet the complicated needs of this fragile population. The model is set up with care teams led by a physician who is supported by advanced practice providers, pharmacists, social workers and health coaches. The results have been nothing less than transformational. Through our high-touch model we reduced admissions, re-admissions and complications for these fragile seniors by as much as 50%.

Last week in my clinic, I saw Mr. R, an 83-year-old with chronic pain. He was a former college football player and drives over an hour and a half to see me in my Intensive Outpatient Clinic (IOP) in Wheaton, because he realized his health was progressively getting worse and he needed help. He saw multiple physicians and specialists who placed him on stronger and stronger medications, such as Percocet (opiate), Hydrocodone (opiate), Lorazepam (anti-anxiety controlled substance), and Restoril (controlled substance that is a sleep aid). The combination of these pills more than doubled his risk of overdose, stroke and heart attack. My team and I developed a treatment plan for him and his wife, who is a nurse, to follow. He is now completely off all opiates and all controlled substances and feels better than he has

In years. He states he felt like he was walking under water before, and now his pain is better and he's able to spend more time with his grandchildren and attend a weekly men's breakfast which brings him a lot of joy.

This is an example of a systematic care delivery model that puts the patient at the center of our decision making. Being physician-owned and directed allows us to create a high-quality, high-value, high-safety environment for our patients to seek care. We utilize a uniform medical record across all of our locations and have built out an infrastructure that meets the needs of our community including immediate care centers, imaging services, ambulatory surgery centers and integrated oncology services - all in a safer environment and lower cost than the traditional system. We are able to reduce redundancy of services and decrease variation leading to increased quality and safety. We take fragmentation out of the system.

Another case that I also saw last week highlights the need of the IOP clinics and the value that DuPage Medical Group delivers, to our patients, and the health care system overall. Mr. T is a 71-year-old retired military serviceman who sought care at a neighboring private health system. He inevitably ended up in the local hospital emergency department, or was hospitalized, every two weeks. He was being cared for by multiple specialists and his primary care physician but would often call his doctor's office and be referred to the emergency department. His kidney function was progressing to the last stage before dialysis. Nobody seemed to be coordinating his care or taking an active role in the management of his chronic conditions. When he joined the IOP clinic eight months ago, we developed a treatment plan with him after understanding his ailments and his goals for improving his health. We realized he had been put on too many medications and was getting confused with his treatment plan. It seemed like every physician told him something different. By removing some of his medications, simplifying his treatments, and seeing him regularly, he hasn't been to the emergency room or the hospital in over six

months! He is also feeling better, and his kidney and heart function have shown significant improvements.

I think patient examples help tell the story of what we are able to achieve. We are improving the quality of life for our patients, keeping them out of the hospital when it is not necessary and improving the health care system. Real outcomes are demonstrated in metrics, and we are very pleased with our ACO results. DuPage Medical Group is part of IHP ACO, the 5th largest ACO in the country. This ACO ranks in the bottom quartile for cost per beneficiary and the top 15% for quality. Our members comprise nearly half of this ACO. We are proud of our results as the top-performing ACO in Illinois.

In closing, we will continue to innovate; it is part of our entrepreneurial nature. I would ask the Committee to examine these key areas to improve care for Medicare recipients:

1. Allow for additional services to be reimbursed in an Ambulatory Surgical Center (ASC) setting. Many services historically have exclusively been done on an inpatient basis and are now routinely done in an ASC setting at a much lower cost. Orthopedic procedures, such as total joint replacement and spine surgeries, are a few examples.
2. Pay for real value. The current ACO system does not recognize the best-performing organizations like DuPage Medical Group. We were the lowest cost ACO in Chicago and did not receive shared savings in the most recent year.
3. Include digital and telehealth services. We have the technology and experience in this area as we have been offering telehealth services for the last four years for patients who are willing to pay for these services. Covering these services would allow for greater access and efficiency for patients and providers. We could do a much better job of avoiding hospital admissions and re-admissions through the deployment of technology.

THIS TESTIMONY IS EMBARGOED UNTIL THE START OF THE HEARING THURSDAY, APRIL 26 AT 10:00 AM

I want to thank the members of this Committee for the opportunity to share our doctor-directed, patient-focused model, and also thank my fellow panelists in leading the charge to use innovation to improve health care. DuPage Medical Group looks forward to being an active participant as the Committee and Congress work to improve health care delivery for our seniors, and all patients.

Exhibit 7
Opponent's False Narrative: Lack of Need/Demand for Services

Grouping the Proposed Clinic in Villa Park with other pending projects, Fresenius Medical Care ("FMC") and its conspirators falsely assert that there is not demand for services in Villa Park. The material need for additional dialysis services in Villa Park has been thoroughly documented in the April 30, 2018 submission letter and in previous documentation provided by the Applicants. Ironically, as described below, the need for the Proposed Clinic is supported by FMC's own documentation provided in its submission for its newest clinic closest to the Proposed Clinic.

FMC, DaVita's primary competitor is a German conglomerate and is the world's largest manufacturer and distributor of dialysis products and provider of dialysis services. It is also the largest dialysis provider in the State of Illinois. FMC and its affiliated nephrologists who are contractually bound to work exclusively with FMC in this market and are the presumed equity partners of FMC dialysis clinics in the area[1] have leveled multiple dishonest assaults against the Proposed Clinic.

Both FMC and Nephrology Associates of Northern Illinois and Indiana ("NANI") which dominate DuPage County along with much of the rest of Chicagoland areas have used aggressive tactics against the Proposed Clinic and against the entry of additional nephrologists into the market. But in doing, they have been deceitful and have shown a lack of respect for the process making their submissions on or near the last day of the public comment period and then swamping the public hearing testimony with a scattershot of intentionally misleading information denying that there is a need for additional dialysis services without providing supporting data.

As background, from 1997 to 2000, FMC developed its Chicagoland presence through the acquisition of NANI's affiliated dialysis clinic company called, Everest, for $343 million.[2] This was soon after its acquisition of the Associates in Nephrology affiliated dialysis company, Neomedica, about 20 years ago. At that time, DaVita did not operate in metropolitan Chicago. DaVita's ability to service patients in Chicago has been stifled by the exclusive relationships that these acquisitions have created with area nephrologists which have created barriers to entry based on those contractual arrangements with nephrologists. DaVita's barriers to entry include:

1) Limited available medical directors (which are required by federal regulations) due to the large scale exclusive relationships between FMC and most of the nephrology practices in the area;

2) Uncommon scale of the practices, particularly NANI which is the 2nd largest group in the nation (and growing as it has been purchasing many smaller nephrology practices and putting them under exclusive contracts and further reducing available medical

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[1] Source: http://www.nephdocs.com/about-us/history/

[2] http://articles.chicagotribune.com/2000-11-03/business/0011030222_1_fresenius-medical-care-ag-everest-dialysis-clinics

directors required by CMS for clinical oversight of dialysis clinics for other dialysis providers);

3) While NANI and AIN physicians are welcome to treat their ESRD patients at DaVita clinics, these nephrologists have been unwilling to provide CKD data necessary to support the development of DaVita clinics which creates a further barrier to competition.

For many years, FMC has leveraged this process to keep DaVita out of area communities. The manipulation of the health planning process by FMC is improperly creating confusion and makes it hard for Board members to hear the merits of the project. FMC uses the same or similar justifications as DaVita for explaining why a clinic is necessary despite technical deficiencies. This is illustrated by reviewing some of the data and arguments that used in project 10-066 which is included as an exhibit to this letter (Exhibit 8).

FACT: DaVita is using the same clinic expansion planning rationale that FMC uses to support its clinic expansions. Here, there is an official need for 49 stations (and 117 based on current use rates) in the Planning Area and at least 12 stations are needed in the Proposed Clinic patient service area.

FMC and NANI are well--aware that the State Board examines each application on the four corners of its application and does not batch projects. However, these aggressive competitors have taken advantage of the generally unrestricted public comment processes to loudly bellow objections to obscure the merits of the Proposed Clinic and the Applicant's thoughtful and purposeful planning of the Proposed Clinic in an area with a growing senior population and population kidney disease patients. This ruse impacts the process and the community intended to be served which needs additional access to dialysis stations. It is particularly an abuse of process given the public record that FMC and NANI have created in advocating for additional capacity in nearby areas.

Moreover, opposing competitors are keenly aware that dialysis station need and the State's station need methodology is very specific, more so than the other categories of service. New dialysis clinic justification is patient specific and updated utilization is available on a quarterly basis. The patients identified for the Proposed Clinic have not been used to justify another dialysis clinic and once they are placed on dialysis, most are expected to survive their kidney disease for many years and will effectively be the residents of the Proposed Clinic for their lifetime.

In legally defending its oversight role in other matters, the State Board has pointed out that it is not the responsibility of the State Board to maintain market share of individual providers or to otherwise protect them. This is established by law. See Cathedral Rock, 308 Ill.App.3d at 540, 242 Ill.Dec. 158, 720 N.E.2d 1113, Provena Health v. Illinois Health Facilities Planning Board, Appellate Court of Illinois First District, First Division, No. 1-07-1952 (Decided March 31, 2008).

While it is not the State Board's job to protect market share, the impact of the Proposed Clinic on market share would be negligible.

False Narrative: Corporate Takeover

The Proposed Clinic is an average sized, 12 station clinic that will serve approximately 61 patients. There are 5,342 existing patients on dialysis in the planning area. This is not a corporate takeover. This is measured incremental growth. The allegation that the Proposed Clinic amounts to a corporate takeover is completely contrary to the facts, even taking into account additional stations that DaVita would like to place in the planning area. Even if all the pending DaVita clinic proposals in metropolitan Chicago were approved, it would still lag far behind FMC in market share. As to nephrology supply, DMG employs 10 nephrologists. This group of nephrologists is dwarfed by the size of the NANI and AIN groups which combined employ approximately 145 nephrologists. The next largest nephrology practice after these groups in Illinois is the University of Chicago faculty group which has 19 nephrologists, many of whom split their professional time between practicing medicine and teaching. As advertised on its website, NANI alone is the second largest nephrology group in the country.

In the adjusted 30-minute travel contour, FMC holds 70% of the total number of dialysis stations to DaVita's 9.4%. Within the new rule's 5-mile radius, DaVita has no clinics or stations. The impact of the Proposed Clinic on 30-minute market share would be negligible and would alter the market share to 68.2% for FMC and only 11.2% for DaVita. The change in number of stations from 576 within the proposed clinic's GSA to 588 with FMC controlling 401 stations compared to DaVita's 66 with the approval of this Proposed Clinic, can hardly be construed as a corporate takeover.

It is audacious and dishonest, particularly coming from the largest dialysis company in the world and one of the largest nephrology practices in the county to present the Proposed Clinic as a corporate takeover.

False Narrative: Disruption of FMC Innovation

The ESCO mentioned countless times in the opposition comments is a red herring, a diversion which ironically implies that DaVita should not enter the DuPage County market in any fashion. As described in Exhibit 5, DaVita is working with CMS on the ESCO model as well and also working with CMS to advance ESRD population health management to the next level. Innovation by all providers should be encouraged and there is nothing in health planning principles that would imply otherwise.

EXHIBIT 8

Fresenius Medical Care

RECEIVED

JAN 1 4 2011

HEALTH FACILITIES & SERVICES REVIEW BOARD

January 13, 2011

Dale Galassie
Chairman
Illinois Health Facilities & Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Additional Information
Project: #10-066, Fresenius Medical Care Joliet

Dear Mr. Galassie,

The enclosed pages contain additional information in response to the Intent to Deny given to the above mentioned project at the December 14, 2010 meeting and in response to information requested by the Board.

Thank you for your time and consideration of this information.

Sincerely,

Lori Wright

Lori Wright
Senior CON Specialist

cc: Clare Ranalli

Fresenius Medical Services ♦ Dialysis Services
One Westbrook Corporate Center, Suite 1000 Westchester, IL 60154 708-562-0371 Fax: 708-498-9283

ADDITIONAL INFORMATION FOR #10-066, FRESENIUS MEDICAL CARE JOLIET

Criterion 77 Ill. Adm. Code 1100.1430(b) - Planning Area Need

1. Formula Calculation

According to the December 17, 2010 Board station inventory, there are 213 approved existing stations in HSA 9 with the calculated need being only 162. This leaves an excess of 51 stations. The Fresenius Medical Care Joliet project thus does not meet the Formula Need Calculation criteria. However, since the time this need was calculated, there has been significant population growth in HSA 9 as well as growth of ESRD, specifically in Will County and the Joliet area. A revised calculation utilizing updated statistics shows a significantly higher need for ESRD stations in HSA 9 by 2015. The revised calculation below exhibits a calculated need for 101 additional stations in HSA 9. Given this, the project meets the Formula Need criteria.

State Institutional Dialysis Patients 2010[1]	14,440
State Population Projections 2010[2]	13,279,091
State Use Rate	1.087
Minimum Institutional Dialysis Use Rate	0.652
H S A 9 Institutional Dialysis Patients 2010[3]	809
H S A 9 Population Projection 2010[4]	927,536
H S A 9 Use Rate	0.872
H S A 9 2015 Population Projection[5]	1,040,980
2015 Estimated Dialysis Patients	1132
5 Year Increase	1,506
Projected Treatments 2015	234,936
Stations Needed 2015	314
Approved Existing Stations	213
Additional Stations Needed	101

[1] The Renal Network 12-31-2010 Utilization Data
[2] Illinois Department of Commerce & Economic Opportunity (DECO) population projections summary by county.
[3] The Renal Network 12-31-2010 Utilization Data
[4] Illinois Department of Commerce & Economic Opportunity population projections summary by county.
[5] Illinois Department of Commerce & Economic Opportunity population projections summary by county.

Although all facilities within 30 minutes travel time are not operating above 80% utilization a significant number of those that the patients identified for the Joliet facility could reasonably utilize are above 80% restricting these patients access to services.

Facility	Address	City	ZIP Code	Miles	Time	Adjusted	Stations	Util[1]
New Silver Cross Hosp	US-6 & N Clinton St	New Lenox	60451	4.31	7	8	14	101%[2]
Fresenius Lockport	1062 Thornton Avenue	Lockport	60441	5.75	11	13	12	0%[3]
Sun Health	2121 W Oneida St	Joliet	60435	5.79	13	15	17	55%
Silver Cross West	1051 Essington Rd	Joliet	60435	5.73	17	20	29	84%
Fresenius Mokena	8910 W 192nd St	Mokena	60448	13.82	22	25	12	57%
Fresenius Orland Park	9160 W 159th St	Orland Park	60462	14.33	22	25	18	76%[4]
Fresenius Plainfield	2320 Michas Dr	Plainfield	60586	15.48	25	29	12	74%[5]
Fresenius Bolingbrook	329 Remington Blvd	Bolingbrook	60440	13.12	26	30	20	96%[6]

[1] Utilization for December 31, 2010 draft data from The Renal Network figured on currently operating stations
[2] Silver Cross Hospital #10-020, approved July 2010, will add 5 stations to the facility in 2012
[3] Fresenius Lockport # 09-037, approved December 2009, will be operational in late 2011, early 2012
[4] Historically over 80%, 2 stations added September 2010 to alleviate high utilization and improve access for patients in Orland Park market
[5] Fresenius Plainfield open only one year and already just under 80% utilization
[6] Fresenius Bolingbrook historically over 80% despite expansions, 4 additional stations will be operational mid 2011, facility will still be over 80%
[7] 4 Additional stations not yet operational will bring the total to 24
[8] Total operating stations 122. 5 stations at Silver Cross Hospital will not be operational until 2012, 12 stations at Lockport will not be operational until late 2011, early 2012 and 4 stations at Bolingbrook will be not be operational until mid 2011.

The facilities that the patients identified for Fresenius Medical Care Joliet could potentially be referred to are Silver Cross Hospital, Sun Health, Silver Cross West and Fresenius Lockport. It is unreasonable to expect these patients to go outside of Joliet 13 -15 miles away to a separate market for services. As will be explained in the following section, the Fresenius Joliet facility will serve a specific disadvantaged patient population that will be put at an even greater disadvantage if this facility is not established.

Silver Cross Hospital – Silver Cross Hospital has been operating above capacity with 14 stations for several years creating a waiting list for patients. Although the facility is adding 5 stations to be operational in 2012, Silver Cross identified 54 patients who would be referred to bring the facility above 80%. Given current and historic utilization and certified patient referrals, Silver Cross Hospital will not be able to accommodate the patients identified for the Fresenius Joliet facility.

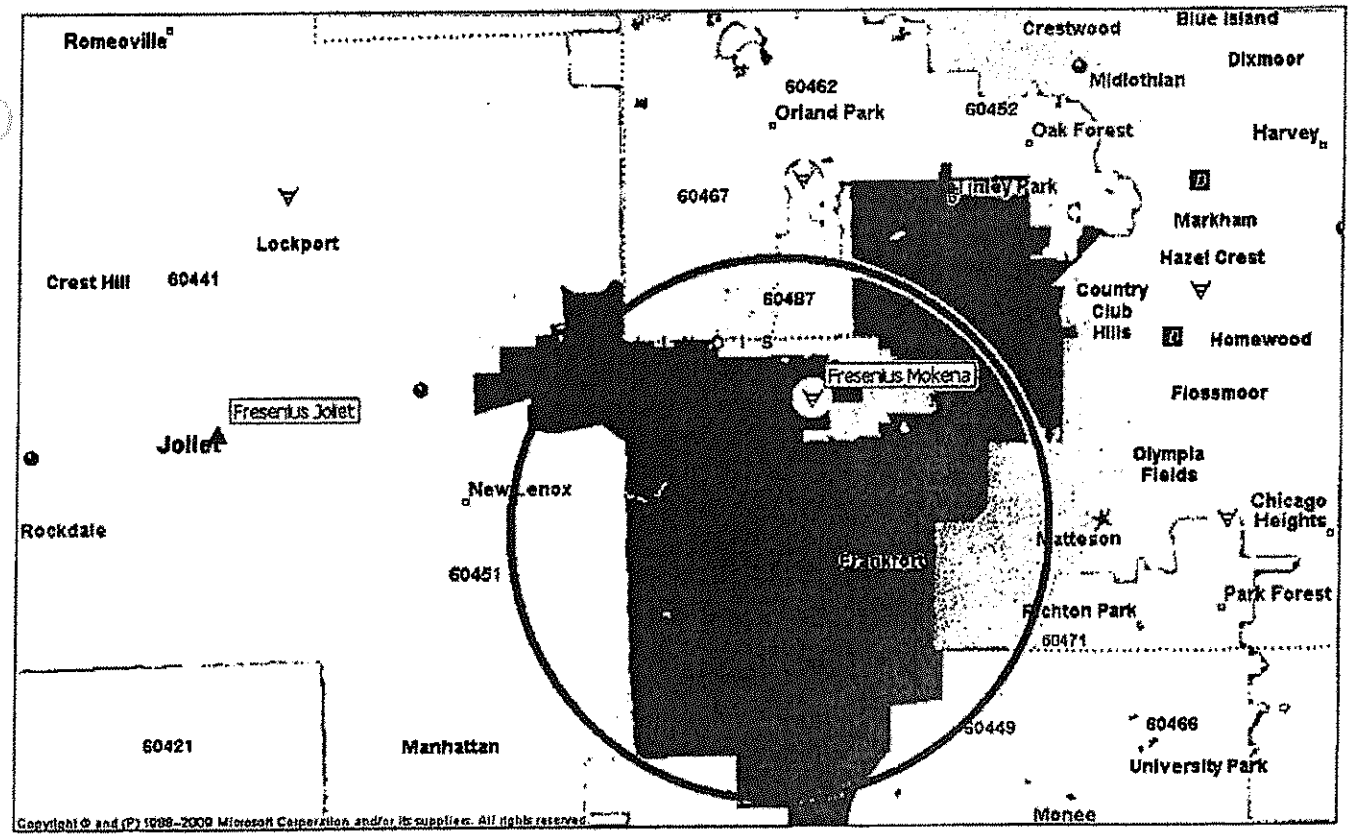
Silver Cross West – This facility is operating above 80% utilization and cannot accommodate the patients identified for the Joliet facility.

Sun Health – While underutilized, not all of the patients Dr. Alausa refers here are accepted and some are not able to be referred there due to their insurance provider.

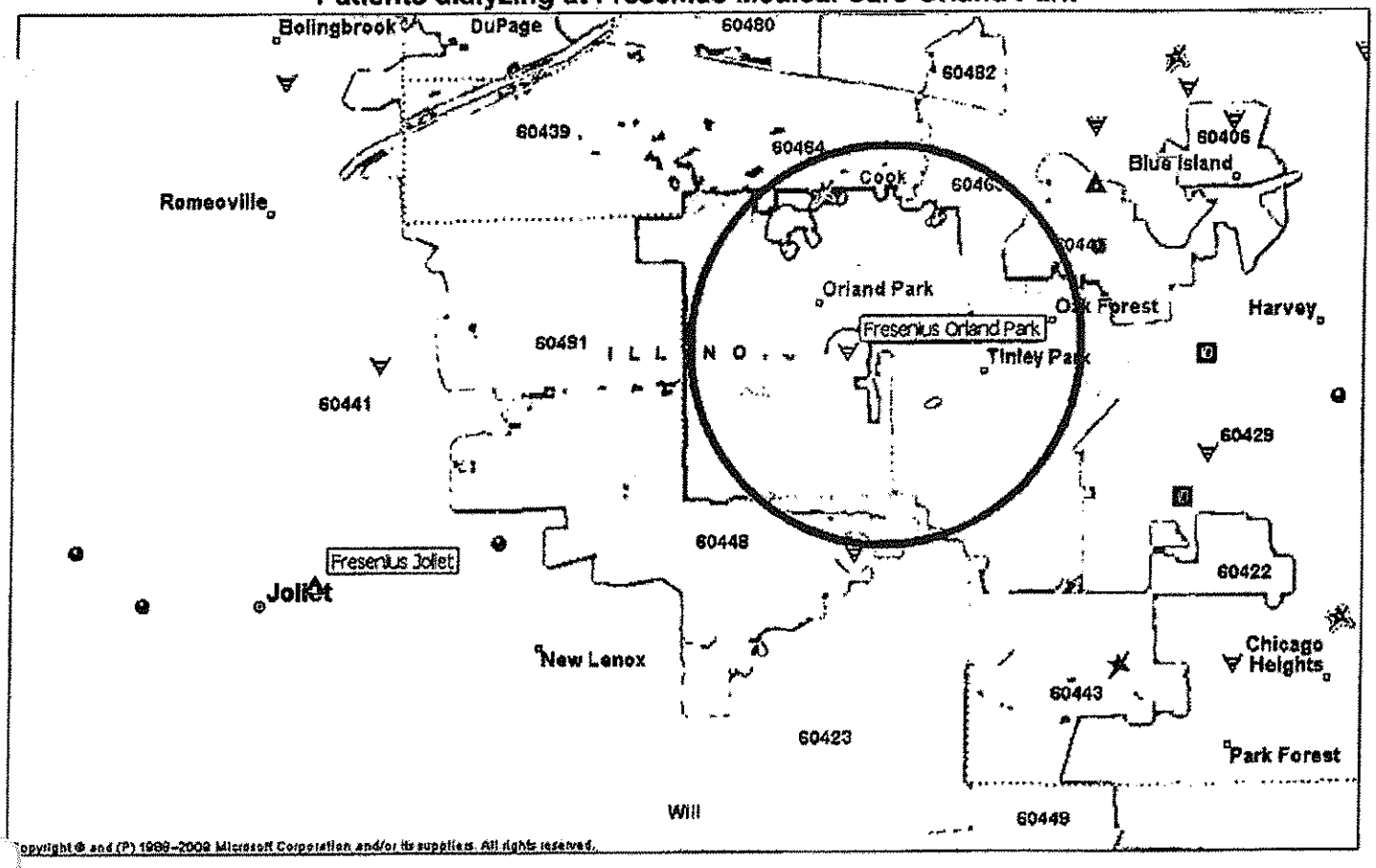
Fresenius Lockport – This facility will not be operational for another year and is supported by separate physicians/patients that do not practice/live in Joliet. Southwest Nephrology Associates based in Cook County (HSA 7) have identified 78 patients to bring that facility to 80% by the year 2013. Thus the facility cannot accommodate the patients identified for the Joliet facility. Aside from this, Dr. Alausa has also certified that he has pre-ESRD patients that he will refer to the Lockport facility that do live in the immediate Lockport area.

The only other facilities with any capacity within 30 minutes are Fresenius Mokena, almost 14 miles away and near the 30 minute travel time and Fresenius Plainfield over 15 miles away. (Given the extreme growth at Fresenius Plainfield, the facility is expected to be at 80% by the March 22nd meeting when the Joliet project is heard). While the Mokena facility did not reach target utilization within 2 years of operation, as most of the approved Fresenius facilities do, it is not a reasonable facility to send the patient population residing in East Joliet to. Dr. Alausa tries to place his patients in the facility nearest their home, due to the previously mentioned transportation problems experienced by dialysis patients. It would not be in the best interest of a patient from Joliet to be referred as far away as Mokena, unless it was the patient's preference, which is not likely. The maps below and on the following pages illustrate the distribution of patients dialyzing at current Fresenius facilities in the area and those identified for the not yet operating Lockport location and for Fresenius Joliet.

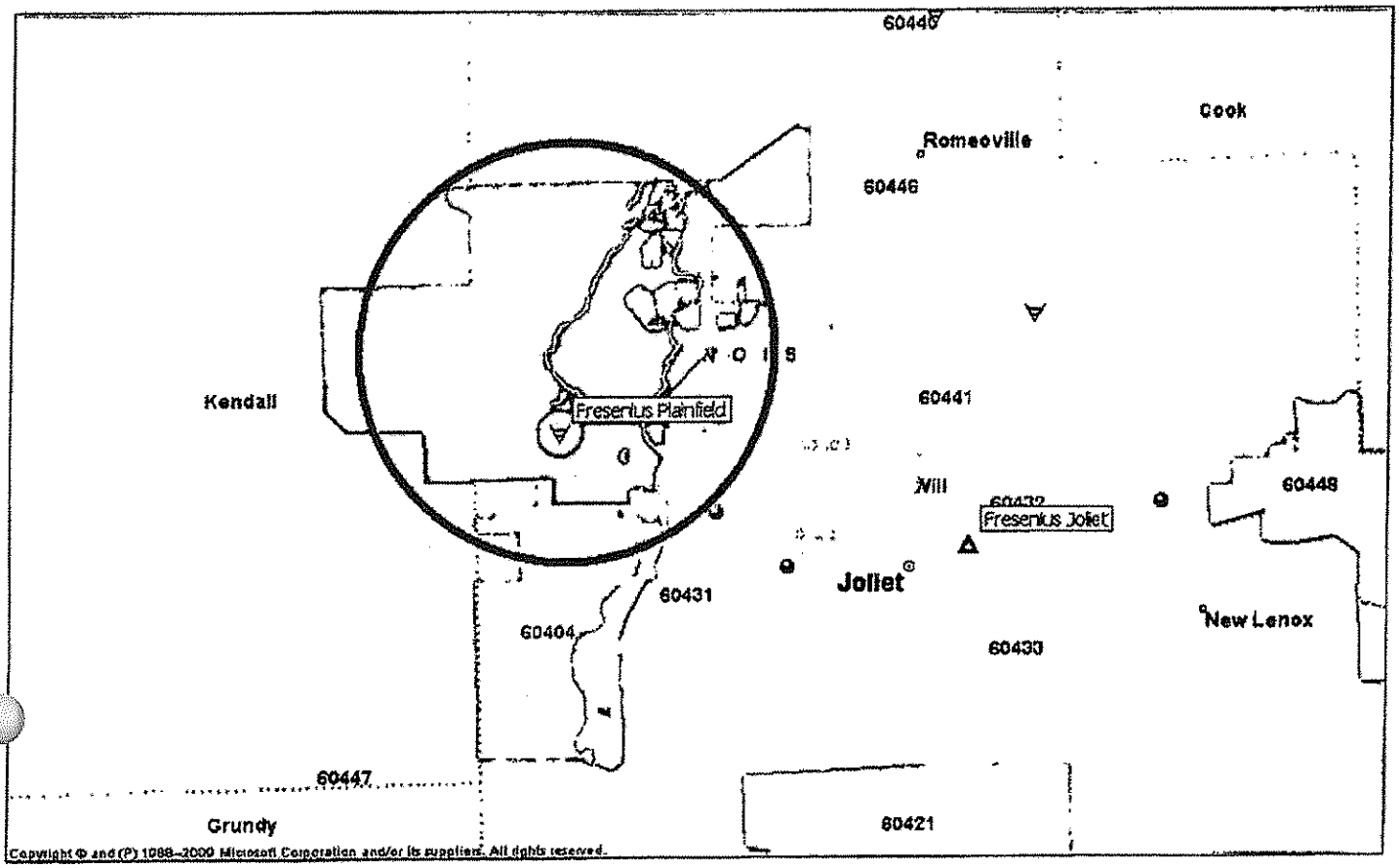
Patients dialyzing at Fresenius Medical Care Mokena



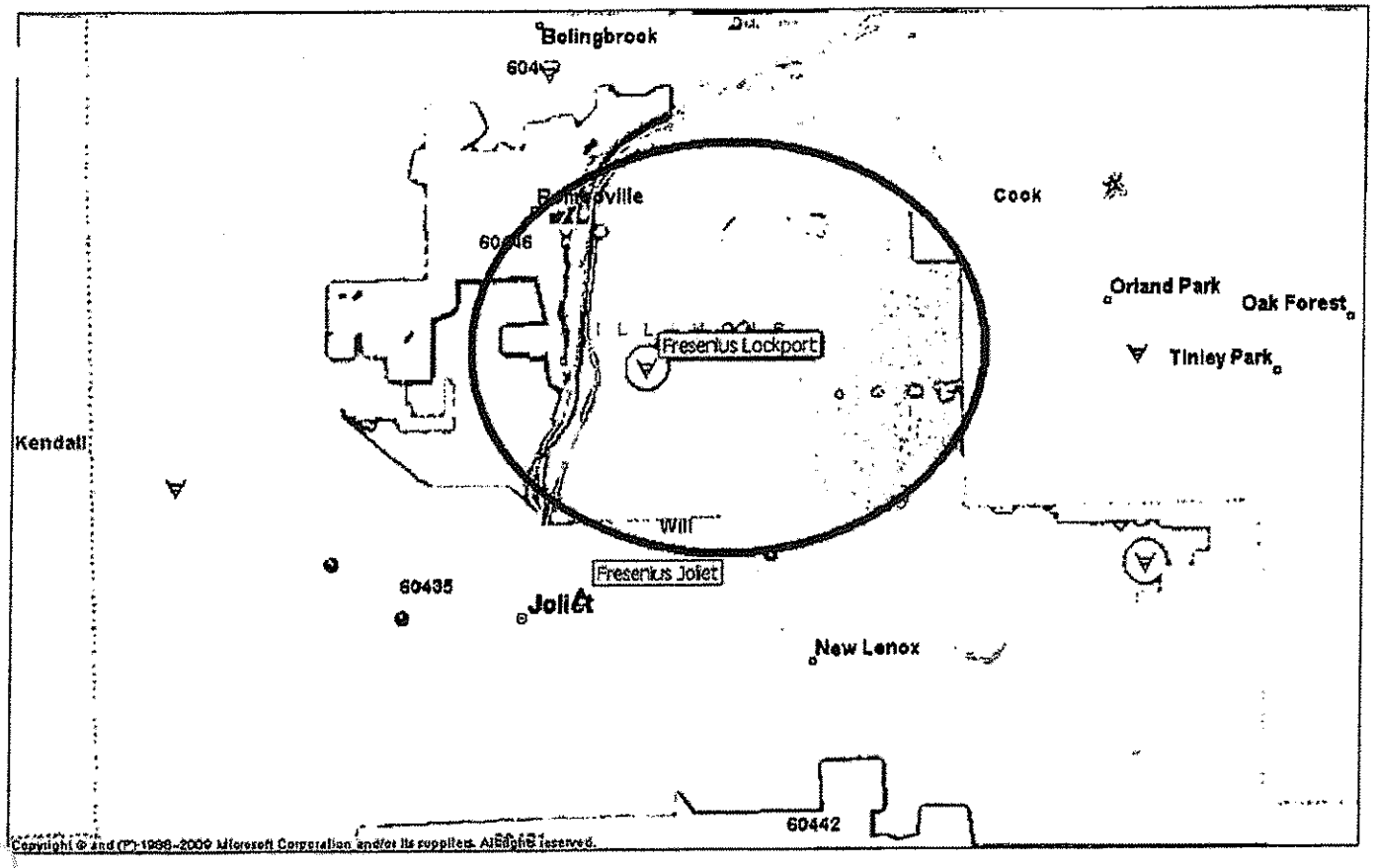
Patients dialyzing at Fresenius Medical Care Orland Park



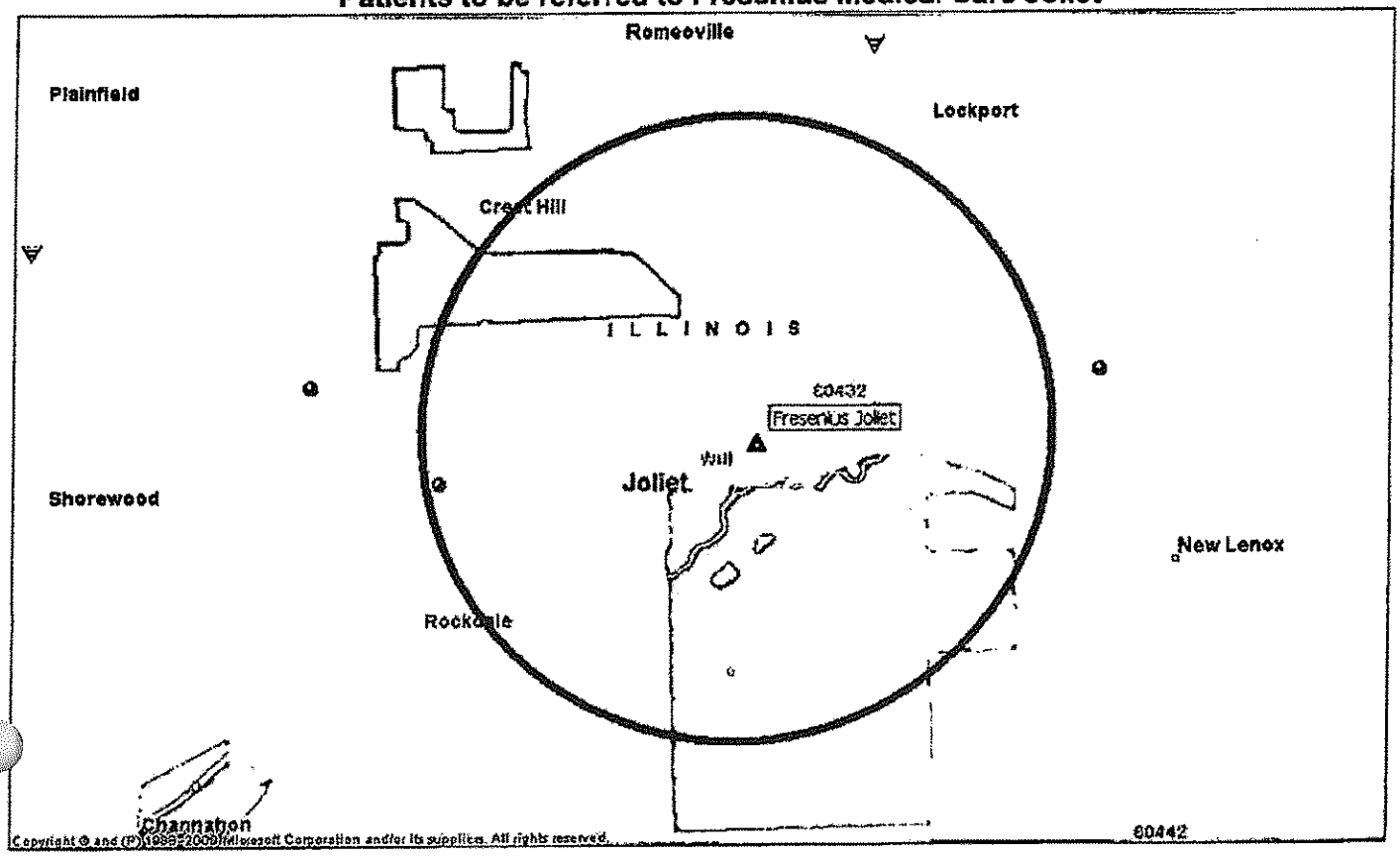
Patients dialyzing at Fresenius Medical Care Plainfield



Patients identified to be referred to Fresenius Medical Care Lockport

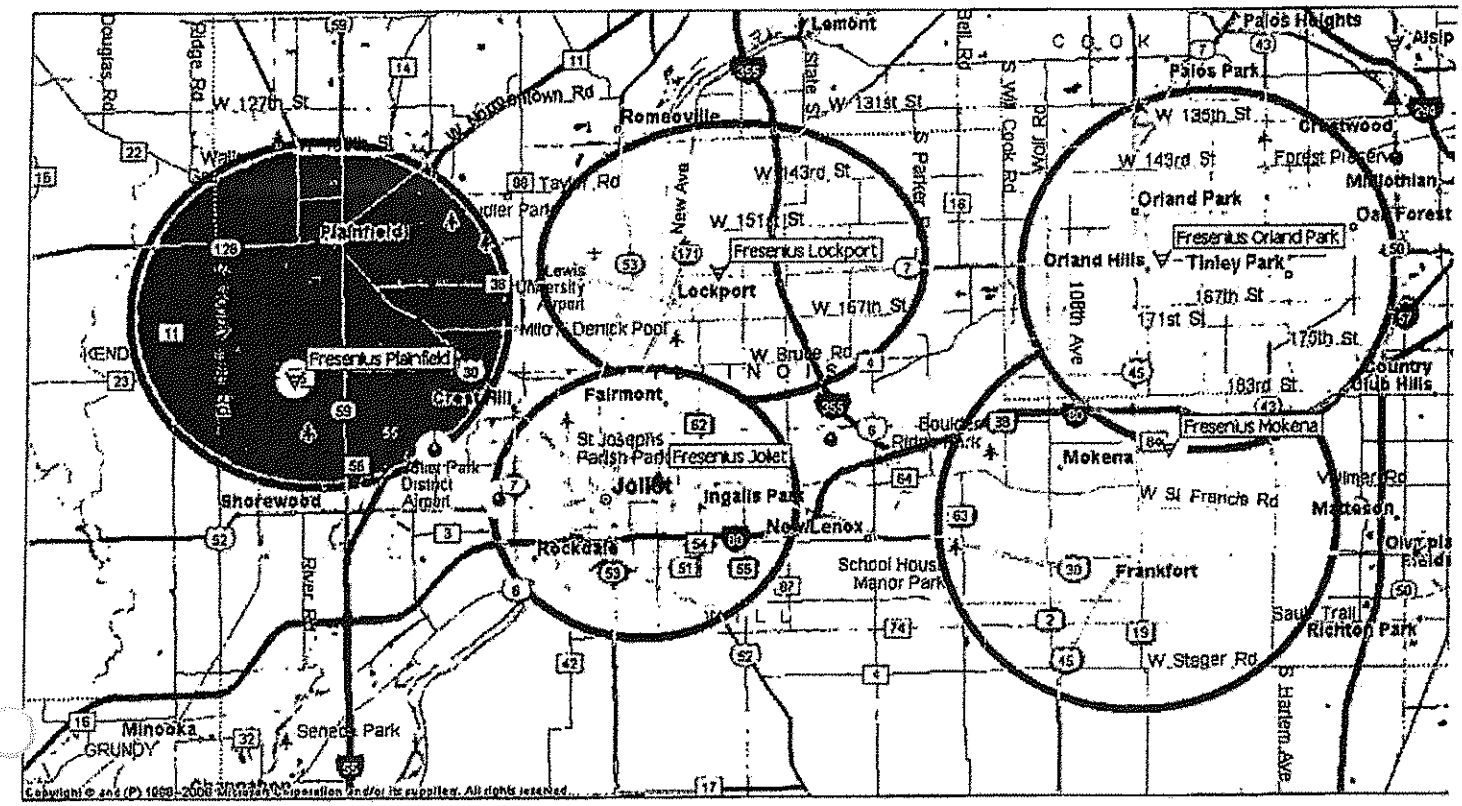


Patients to be referred to Fresenius Medical Care Joliet



Distribution of patients from Fresenius Mokena, Orland Park, Plainfield, Lockport and Joliet

Based on the previous maps, below is a radius around each facility where a majority of the patients dialyzing at that facility reside.



As is seen in the above map, the greatest majority of patients dialyze near their place of residence and do not wish to nor is it in their best interest to travel extreme distances for dialysis treatment.

Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230(a), Project Purpose, Background and Alternatives

1. Background of the Applicant

The Applicants are fit, willing and able, and have the qualifications, background and character to adequately provide a proper standard of health care services for the community. This project is for the establishment of Salt Creek Dialysis, a 12-station in-center hemodialysis facility to be located at 196 West North Avenue, Villa Park, Illinois 60181.

AVERTRAIL DIALYSIS, LLC (d/b/a SALT CREEK DIALYSIS)

DuPage Medical Group, Ltd. and DaVita, Inc. are co-applicants for the proposed facility, with each representing a 50% membership interest in Avertrail Dialysis, LLC. As detailed below, both organizations are leaders within the medical community and strive to continually improve clinical outcomes and deliver the highest level of care through innovative practices. The combination of Chicagoland's leading multi-specialty physician group and the nation's clinical leader in kidney disease care and management represents a unique opportunity to address the need for dialysis services for community residents.

Together, DuPage Medical Group ("DMG") and DaVita envision that the Salt Creek Dialysis station will not only address a need for ESRD services within the community, but also serve as the genesis of a patient care delivery model that will rectify current shortcomings and remove impediments to optimal care of patients with kidney disease within DuPage County. Both applicants bring values and assets that are critical to the success of a patient delivery model that addresses deficiencies in knowledge and communication throughout a patient's continuum of care.

DaVita consistently differentiates itself from other kidney care companies and surpasses national averages for clinical outcomes. DuPage Medical Group distinguishes itself through quality care, with clinical outcomes and cost savings for DMG's Medicare programs ranking in the top percentile for the nation. DaVita's proprietary patient care tools, educational resources, quality initiatives, and in-center hemodialysis operational expertise, along with DMG's medical staff collaboration, integrated EHR systems, patient-oriented health portal, and robust administrative support tools, provide the foundation for the success of the joint venture between the two organizations.

As detailed below, the symbiosis of DMG and DaVita's resources and talents will immediately address identified weaknesses within current care delivery models, as well as lead to future advances designed to meet the growing needs of the ESRD populations within the community.

Today, chronic kidney disease ("CKD") and end stage renal disease ("ESRD") is common and associated with excess mortality. A diagnosis of CKD is ascribed to over 10 million people within the United States, with many more at risk. The rise in diabetes mellitus and hypertension are contributing to the rise in CKD and ESRD, with these risk factors highly prevalent throughout the United States.

An optimal care plan for patients with CKD includes strategies to slow the loss of kidney function, manage comorbidities, and prevent or treat cardiovascular disease and other complications of CKD, as well as ease the transition to kidney replacement therapy. Early identification of CKD and deliberate treatment of ESRD by multidisciplinary teams leads to improved disease management and care, mitigating the risk of disease advancement and patient mortality.

Accordingly, timely referral to and treatment by a multidisciplinary clinical team may improve patient outcomes and reduce cost. Indeed, research has found that late referral and suboptimal care result in higher mortality and hospitalization rates[1]. Deficient knowledge about appropriate timing of patient

[1] Navaneethan SD, Aloudat S, Singh S. A systematic review of patient and health system characteristics associated with late referral in chronic kidney disease. BMC Nephrol. 2008; 9:3.

referrals and poor communication between primary care physicians ("PCPs") and nephrologists have been cited as key contributing factors[2].

Critically, addressing the failure of communication and coordination among PCPs, nephrologists, and other specialists may alleviate a systemic barrier to mitigating the risk of patient progression from CKD to ESRD, and to effective care of patients with ESRD.

Currently, DMG patients from Villa Park and the surrounding areas who require dialysis services may be removed from DMG's continuum of care, which optimizes patient health and outcomes through provider collaboration and coordinated administrative tools. In addition to research emphasizing the value of care coordination among providers, research has generally displayed that the more information on a single EHR, the better the outcomes are for patient care. Patients receiving care on a single integrated EHR often experience reduced clinical errors and better outcomes as a result.[3] With the development of the proposed facility, patient data generated at the dialysis facility will be migrated to the EHR systems accessible by all DMG providers.

This data integration ensures their PCP, nephrologist, and other specialists can access the patient dialysis records on demand. The applicants have the ability to design additional functionalities to address communication and coordination issues between physicians. This removes administrative burden and alleviates risks that a patient's PCP or specialist is missing information regarding their care, including dialysis treatments. By streamlining these processes, the applicants anticipate improved patient care and experiences.

The tailoring of familiar DaVita and DMG tools eases the burden on physicians and enhances the likelihood of success. In fact, studies have indicated that alleviating the perceived burden by physicians of implementation and participation to be vital to the success of new mechanisms designed to improve care[4].

Patients will be empowered through DMG and DaVita's equal participation in the operation of the Geneva Crossing Dialysis facility. DMG's "MyChart" enables a patient to access all their billing records and medical records stored within DMG's Epic-based EHR system. Similarly, DaVita maintains the "DaVita Health Portal," which tracks a patient's progress by sharing the patient's lab values, nutrition reports, health records, and for DaVita Rx members: prescriptions and medication lists. DMG and DaVita will integrate patient information from dialysis services and make it available to the patients through MyChart & DaVita Health Portal.

Patients serviced within the proposed facility will receive the excellent standard of care they have come to expect from DaVita facilities. The integration of the facility with DMG's administrative services will keep patients within DMG's continuum of care, enabling efficient communications and coordinating the care of patients to address known barriers to effective CKD and ESRD treatment.

Through the development of the proposed facility, DMG and DaVita will improve the identification and treatment of CKD and ESRD patients. The increased communication and improvement in co-management between PCPs, nephrologists, and specialists will decrease disease progression, mortality rates, and hospitalization rates.

As detailed below, the applicants have the requisite qualifications, background, character and financial resources to provide dialysis services to the community. As discussed above, the applicants have a unique opportunity to develop an innovative continuum of care designed to improve the lives of area residents requiring dialysis treatment.

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2 Id.

3 Nir Menachemi, Taleah H Collum, Risk Management Healthcare Policy. 2011; 4: 47–55. May 11, 2011.

4 Id.

DUPAGE MEDICAL GROUP

Pursuant to 20 ILCS 3960/2, the applicant DuPage Medical Group, Ltd. has the requisite qualifications, background, character and financial resources to adequately provide a proper service for the community.

DuPage Medical Group was formed in 1999 when three healthcare groups serving the western suburbs of Chicago since the 1960s joined together. The legal entity, DuPage Medical Group, Ltd., was incorporated as a medical corporation in the State of Illinois in July 1988 and is a for-profit, taxable corporation. DuPage Medical Group is now Illinois' leading multi-specialty independent physician group practice, and remains committed to superior care and innovation.

With more than 600 physicians, approximately 800 providers, and 50 specialties in more than 70 locations, DuPage Medical Group handles upwards of 1.1 million patient visits annually, treating about a third of DuPage County's population. Consistent with its physician growth, DuPage Medical Group has grown as an employer in the community. DuPage Medical Group employed 3908 people in 2016, an increase of nearly 30% from the 2996 people employed in 2015.

DuPage Medical Group is focused on providing quality care.

DuPage Medical Group is focused on providing the Western Suburbs with access to the finest health care available and operating on the principal that physicians make the best decisions for patient care. DMG is led by experienced physicians who continually seek innovations through a model of QEA: Quality, Efficiency and Access.

Managing such a proactive model of medicine allows DMG to provide quality care, construct the most advanced facilities and implement the latest technology. Through secure access of an electronic health record and DMG's patient portal, MyChart, its physicians and patients stay closely connected on the care that forms the bigger picture of each patient's health. DMG promotes strong collaboration among its medical staff and solicits helpful feedback from patients. Strong administrative support creates stability for DMG physicians, empowering them to help drive the group forward.

DMG's commitment to quality and cost efficiency is further demonstrated by numerous value-based care initiatives, including DMG's Accountable Care Organization ("ACO") leadership, operation of the BreakThrough Care Center, and a CMS BPCI initiative.

DMG is a founding member of Illinois Health Partners, the 14th largest accountable care organization in the nation. DMG accounts for nearly 50% of the patients served by Illinois Health Partners, which is comprised of healthcare organizations such as Naperville, Ill.-based Edward Hospital and Arlington Heights, Ill-based Northwest Community Hospital, along with 22 other organizations. According to 2015 data released by CMS, Illinois Health Partners ("IHP") maintained the lowest cost of care per beneficiary for any ACO in the Chicagoland area at $8,847. IHP is also in the 76th percentile nationally in overall cost efficiency and in the 88th percentile nationally in clinical quality. This makes IHP one of 38 of 393 (9%) of ACOs in the top quartile for both quality and cost efficiency

Since 2014, DMG has operated the BreakThrough Care Center, a comprehensive, holistic outpatient clinic serving the most vulnerable Chicagoland seniors struggling with chronic disease. Currently, the BreakThrough Care Center operates and accepts patients throughout DuPage County, with locations in the cities of Lisle, Naperville, and Wheaton. The BreakThrough Care Center is designed to improve medical outcomes while lowering healthcare costs and improving patients' ability to manage their health outcomes.

Improved care quality for BreakThrough Care Center patients is documented by improvements in patients'; biometrics for LDL-C levels, Total Cholesterol, A1C, Blood Pressure, and Body Mass Index. The BreakThrough Care Center optimizes the utilization of healthcare services, with all patients seen

within 24 hours of hospital discharge, and patients experiencing lower ER admission rates, lower acute admissions, a 30-day chronic readmission rate of 7.2 percent, and high generic pharmacy utilization of 89 percent. Patients give the BreakThrough Care Center scores of over 91 percent on access to care and coordination of care metrics.

DMG has also demonstrated its commitment to promoting the development of orderly, value driven, healthcare facilities via the CMS Bundled Payments for Care Improvement ("BPCI") initiative. DMG reduced costs by over $1.1 million under the BPCI program for major joint replacement of the lower extremity in Q3 and Q4 of 2015, lowering the cost of care and improving outcomes. DMG's participation and performance in these value-based care programs and organizations serves a critical role in cost containment and maximizing the quality of care in DuPage County and the surrounding communities served by DMG.

DuPage Medical Group continues to expand the services and specialties it offers patients.

In September of 2016, DMG opened a new nephrology division when Kidney & Hypertension Associates joined the practice. DMG has always strived to provide its patients with access to timely, quality, and affordable health care. This mission is supported by the addition of the nephrology practice to DMG's wide array of medical specialties. Patients of DMG physicians with an identified need for nephrology services now have more immediate and reliable access through their existing provider's practice.

With physician scheduling and patient coverage determinations available throughout the DMG practices, DMG is able to eliminate common obstacles to patients obtaining necessary medical care. Managing patient's across specialties drives down costs by coordinating care and increasingly addressing the health of patients on a proactive basis.

Since September of 2016, the DMG nephrology practice has been led by three veteran physicians:

> Dr. Mohamad Barakat is board certified in nephrology with more than 35 years' experience. After earning a medical degree from the University of Damascus, he completed his internship and residency at Mercy Hospital in Chicago. He also completed his fellowship at Loyola University of Chicago.
>
> Dr. Mohamad Abdessamad is board certified in nephrology and internal medicine. After earning his medical degree from the University of Damascus, he completed a fellowship in nephrology at the University of Vermont and his residency at the John H. Stroger Jr. Hospital of Cook County.
>
> Dr. Mohammad Mataria is board certified in nephrology and earned his medical degree from the University of Mosul. He completed his residency in internal medicine at Advocate Christ Medical Center in Chicago and his fellowship in nephrology at the University of Mississippi Medical Center.

DMG's nephrology practice continues to grow, adding three additional physicians in the intervening months:

> Dr. Kristie Delaney, a board certified nephrologist, earned her medical degree at Northwestern University's Feinberg School of Medicine, and completed her residency in internal medicine at University of Illinois Advocate Christ Hospital. She also completed her fellowship in nephrology at the University of Chicago.
>
> Dr. Shivani Shah, a board certified nephrologist, earned her medical degree at Northwestern University's Feinberg School of Medicine, and completed her residency in internal medicine at Northwestern University. She also completed her fellowship in nephrology at John Hopkins University.

Dr. Ankit Rawal, a board certified nephrologist, earned his medical degree at Chicago College of Osteopathic Medicine, and completed his residency in internal medicine at University of Chicago - Northshore. He also completed her fellowship in nephrology at University of Chicago.

DMG promotes the orderly and economic development of health care facilities in Illinois.

DMG's trend of responsible, positive growth is tied to DMG's commitment to its physician and patient population. This focus is closely aligned with the Board's own mission for serving the patients of Illinois. In keeping with the purpose identified by the State: "The CON program promotes the development of a comprehensive health care delivery system that assures the availability of quality facilities, related services, and equipment to the public, while simultaneously addressing the issues of community need, accessibility, and financing. In addition, it encourages health care providers to engage in cost containment, better management and improved planning."[5]

DMG practices the values and goals expressed by the CON program, and believes in the value of DMG's services and facilities to the Illinois healthcare system. As DMG has grown, quantitatively and qualitatively, it has continued to emphasize quality and accessibility for the community and its patients, tempered by responsible planning and growth. DMG has consistently presented accurate and conservative projections of patient population growth and referral patterns before the Board. *DMG's healthcare facilities operate above established state utilization levels, a clear sign of DMG's commitment to avoiding the development of unnecessary services within the community.*

In 2015, DuPage Medical Group received the Henry C. Childs Economic Development and Community Improvement Award from the Wheaton Chamber of Commerce. The Henry C. Childs Economic Development and Community Improvement Award was named after a local businessman responsible for designing safe community infrastructure, and it recognizes the development or redevelopment of a property that positively impacts economic development in the City of Wheaton.

DMG was recognized for the property redevelopment and construction of its 40,000-square-foot Wheaton Medical Office Building, which houses over 30 DMG physicians in Family Medicine, Internal Medicine, Pediatrics and Obstetrics/Gynecology, as well as the BreakThrough Care Center.

DMG promotes philanthropy and service within the communities it serves.

DuPage Medical Group is actively involved in philanthropy and community service as a way of giving back to the community in which it operates. As part of this effort, DMG established the DuPage Medical Group Charitable Fund in partnership with the DuPage Foundation. Providing a coordinated approach for combining the efforts of its physicians, care providers and staff into a single force.

The DuPage Medical Group Charitable Fund, which operates as a donor-advised fund under the umbrella of the DuPage Foundation's status as a 501(c)(3) public charity, seeks to make a significant impact within the communities DMG serves by combining impactful financial support with hands-on volunteerism.

The Fund seeks out community and health partners that serve those in need. In March of 2016, DMG reached $1 million in grants to the community.[6] In addition to providing some financial support to area organizations, the Charitable Fund provides in-kind donations, such as food, toys, coats and books. Volunteer service is also a key component of DMG's giving. Its financial contributions are extended by physicians and staff taking a hands-on role in helping these organizations. The Charitable Fund has also focused on magnifying its impact through volunteer service. Earlier this year DMG was honored with the

5 https://www.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx
6 http://www.dmgcharitablefund.com/news/story/4651

Governor's Volunteer Service Award for Outstanding Business Volunteer Engagement for its work with People's Resource Center and DuPage Habitat for Humanity.[7]

It should also be noted, that as a for-profit organization, DMG does not have an obligation to provide charity care or charitable contributions. However, DMG recognizes an importance to providing care to entire community. This is demonstrated not only by the charitable financial donations described above, but also through its physician owners.

Due to its for-profit status, DMG does not individually track the *pro bono* and charity care provided by all of its physicians, independent of their job description as a member of DMG. However, DMG continually employs physicians with a track record of dedication to providing charitable care and volunteer work within the community. As an organization driven by physicians, DMG allows its members to determine their own best method for contributing their time and resources to the communities they serve.

DAVITA, INC.

Pursuant to 20 ILCS 3960/2, the applicant DaVita, Inc. has the requisite qualifications, background, character and financial resources to adequately provide a proper service for the community.

DaVita Inc. is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and empowering patients, and community outreach. A copy of DaVita's 2015 Community Care report, some of which is outlined below, details DaVita's commitment to quality, patient centric focus and community outreach and was previously included in the application for Proj. No. 16-023.

DaVita is focused on providing quality care

Based upon 2016 data from the Centers for Medicare and Medicaid Services, DaVita is the clinical leader in the Quality Incentive Program ("QIP") for the fourth straight year. DaVita had the highest average total performance score among large dialysis organizations, which are organizations that have at least 200 dialysis centers in the U.S. Further, DaVita ranked first in four clinical measures in the end stage renal disease ("ESRD") QIP program. QIP is part of Medicare's ESRD program aimed at improving the quality of care provided to Medicare patients. It was designed as the nation's first pay-for-performance quality incentive program.

In October of 2016, the Centers for Medicare and Medicaid Services ("CMS") released data on dialysis performance as part of its five star ratings program. For the third year in a row, DaVita outperformed the rest of the industry with the highest percentage of four- and five-star centers and lowest percentage of one- and two-star centers in the country. The Five-Star Quality Rating System was created as a way to help patients decide where they want to receive healthcare by providing more transparency about dialysis center performance. The rating system measures dialysis centers on seven different quality measures and compiles these scores into an overall rating. Stars are awarded for each center's performance.

On October 7, 2015, CMS announced DaVita won bids to operate ESRD seamless care organizations ("ESCO") in Phoenix, Miami and Philadelphia. ESCOs are shared savings programs, similar to accountable care organizations, where the dialysis providers share financial risks of treating Medicare beneficiaries with kidney failure. ESCOs encourage dialysis providers to take responsibility for the quality and cost of care for a specific population of patients, which includes managing comorbidities and patient medications.

In an effort to allow ESRD provider to assume full clinical and economic accountability, DaVita announced its support for the Dialysis PATIENT Demonstration Act (H.R. 5506/S. 3090). The Dialysis PATIENT

[7] http://www.dailyherald.com/article/20161125/business/161129874/

Demonstration Act would allow ESRD providers to coordinate care both inside and outside the dialysis facility. The model empowers patients, emphasizes leadership, and facilitates innovation.

On June 17 2016, CAPG awarded Healthcare Partners, DaVita's medical group division, multiple honors. CAPG awarded HealthCare Partners California and The Everest Clinic in Washington its Standards of Excellence™ Elite Award. Colorado Springs Health Partners received a Standards of Excellence™ Exemplary Award. Standards of Excellence™ awards are achieved by surpassing rigorous, peer-defined benchmarks in survey categories: Care Management Practices, Information Technology, Accountability and Transparency, Patient-Centered Care, Group Support of Advanced Primary Care, and Administrative and Financial Capability.

In August 2016, DaVita Hospital Services, the first inpatient kidney care service to receive Ambulatory Health Care Accreditation from The Joint Commission, was re-accredited for three years. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. For the past three years, DaVita identified key areas for improvement, created training presentations and documents, provided WebEx training sessions and coordinated 156 hospital site visits for The Joint Commission Surveyors and DaVita teammates. Accreditation allows DaVita to monitor and evaluate the safety of kidney care and apheresis therapies against ambulatory industry standards. The accreditation allows for increased focus on enhancing the quality and safety of patient care; improved clinical outcomes and performance metrics, risk management and survey preparedness. Having set standards in place can further allow DaVita to measure performance and become better aligned with its hospital partners.

On June 16, 2016, DaVita announced its partnership with Renal Physicians Association ("RPA") and the American Board of Internal Medicine ("ABIM") to allow DaVita-affiliated nephrologists to earn Maintenance of Certification ("MOC") credits for participating in dialysis unit quality improvement activities. MOC certification highlights nephrologists' knowledge and skill level for patients looking for high quality care.

Improving Patient Care

DaVita has taken on many initiatives to improve the lives of patients suffering from chronic kidney disease ("CKD") and ESRD. These programs include the Kidney Smart, IMPACT, CathAway, and transplant assistance programs. Information on these programs was previously included in the application for Proj. No. 16-009.

There are over 26 million patients with CKD and that number is expected to rise. Current data reveals troubling trends, which help explain the growing need for dialysis services:

- Between 1988-1994 and 2007-2012, the overall prevalence estimate for CKD rose from 12.0 to 13.6 percent. The largest relative increase, from 25.4 to 39.5 percent, was seen in those with cardiovascular disease.[8]
- Many studies have shown that diabetes, hypertension, cardiovascular disease, higher body mass index, and advancing age are associated with the increasing prevalence of CKD.[9]
- Nearly six times the number of new patients began treatment for ESRD in 2012 (approximately 115,000) versus 1980 (approximately 20,000).[10]

8 US Renal Data System, USRDS 2014 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 15 (2014).

9 Id.

10 Id. at 79

- Nearly eleven times more patients are now being treated for ESRD than in 1980 (approximately 637,000 versus approximately 60,000).[11]

- U.S. patients newly diagnosed with ESRD were 1 in 2,800 in 2011 versus 1 in 11,000 in 1980.[12]

- U.S. patients treated for ESRD were 1 in 526 in 2011 versus 1 in 3,400 in 1980.[13]

- Increasing prevalence in the diagnosis of diabetes and hypertension, the two major causes of CKD; 44% of new ESRD cases have a primary diagnosis of diabetes; 28% have a primary diagnosis of hypertension.[14]

- Nephrology care prior to ESRD continues to be a concern. Since the 2005 introduction of the new Medical Evidence form (2728), with fields addressing pre-ESRD care, there has been little progress made in this area (pre-ESRD data, however, should be interpreted with caution because of the potential for misreporting). Forty-one percent of new ESRD patients in 2012, for example, had not seen a nephrologist prior to beginning therapy. And among these patients, 49 percent of those on hemodialysis began therapy with a catheter, compared to 21 percent of those who had received a year or more of nephrology care. Among those with a year or more of pre-ESRD nephrologist care, 54 percent began therapy with a fistula – five times higher than the rate among non-referred patients.[15]

DaVita's Kidney Smart program helps to improve intervention and education for pre-ESRD patients. Approximately 69% of CKD Medicare patients have never been evaluated by a nephrologist.[16] Timely CKD care is imperative for patient morbidity and mortality. Adverse outcomes of CKD can often be prevented or delayed through early detection and treatment. Several studies have shown that early detection, intervention and care of CKD may improve patient outcomes and reduce ESRD:

- Reduced GFR is an independent risk factor for morbidity and mortality. A reduction in the rate of decline in kidney function upon nephrologists' referrals has been associated with prolonged survival of CKD patients,

- Late referral to a nephrologist has been correlated with lower survival during the first 90 days of dialysis, and

- Timely referral of CKD patients to a multidisciplinary clinical team may improve outcomes and reduce cost.

A care plan for patients with CKD includes strategies to slow the loss of kidney function, manage comorbidities, and prevent or treat cardiovascular disease and other complications of CKD, as well as ease the transition to kidney replacement therapy. Through the Kidney Smart program, DaVita offers educational services to CKD patients that can help patients reduce, delay, and prevent adverse outcomes of untreated CKD. DaVita's Kidney Smart program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

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11 Id.

12 US Renal Data System, USRDS 2013 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 160 (2013).

13 Id.

14 Id at 161.

15 US Renal Data System, USRDS 2014 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 107 (2014).

16 Id at 4.

DaVita's IMPACT program seeks to reduce patient mortality rates during the first 90-days of dialysis through patient intake, education and management, and reporting. Through IMPACT, DaVita's physician partners and clinical team have had proven positive results in addressing the critical issues of the incident dialysis patient. The program has helped improve DaVita's overall gross mortality rate, which has fallen 28% in the last 13 years.

DaVita's CathAway program seeks to reduce the number of patients with central venous catheters ("CVC"). Instead patients receive arteriovenous fistula ("AV fistula") placement. AV fistulas have superior patency, lower complication rates, improved adequacy, lower cost to the healthcare system, and decreased risk of patient mortality compared to CVCs. In July 2003, the Centers for Medicare and Medicaid Services, the End Stage Renal Disease Networks and key providers jointly recommended adoption of a National Vascular Access Improvement Initiative ("NVAII") to increase the appropriate use of AV fistulas for hemodialysis. The CathAway program is designed to comply with NAVII through patient education outlining the benefits for AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. DaVita has worked with its physician partners and clinical teammates to reduce catheter rates by 46 percent over the last seven years.

In 2013, DaVita was the first large dialysis provider to implement a comprehensive teammate vaccination order, requiring all teammates who work in or whose jobs require frequent visits to dialysis centers to either be vaccinated against influenza or wear surgical masks in patient-care areas. WipeOut, DaVita's infection surveillance, prevention and response program, aims to help patients live longer and avoid infection-related hospitalizations. DaVita led the industry with more than 90 percent of its dialysis patients immunized for influenza in 2016.

For more than a decade, DaVita has been investing and growing its integrated kidney care capabilities. Through Patient Pathways, DaVita partners with hospitals to provide faster, more accurate ESRD patient placement to reduce the length of hospital inpatient stays and readmissions. Importantly, Patient Pathways is not an intake program. An unbiased onsite liaison, specializing in ESRD patient care, meets with both newly diagnosed and existing ESRD patients to assess their current ESRD care and provides information about insurance, treatment modalities, outpatient care, financial obligations before discharge, and grants available to ESRD patients. Patients choose a provider/center that best meets their needs for insurance, preferred nephrologists, transportation, modality and treatment schedule.

DaVita currently partners with over 350 hospitals nationwide through Patient Pathways. Patient Pathways has demonstrated benefits to hospitals, patients, physicians and dialysis centers. Since its creation in 2007, Patient Pathways has impacted over 130,000 patients. The Patient Pathways program reduced overall readmission rates by 18 percent, reduced average patient stay by a half-day, and reduced acute dialysis treatments per patient by 11 percent. Moreover, patients are better educated and arrive at the dialysis center more prepared and less stressed. They have a better understanding of their insurance coverage and are more engaged and satisfied with their choice of dialysis facility. As a result, patients have higher attendance rates, are more compliant with their dialysis care, and have fewer avoidable readmissions.

Since 1996, Village Health has innovated to become the country's largest renal National Committee for Quality Assurance accredited disease management program. VillageHealth's Integrated Care Management ("ICM") services partners with patients, providers and care team members to focus on the root causes of unnecessary hospitalizations such as unplanned dialysis starts, infection, fluid overload and medication management.

VillageHealth ICM services for payers and ACOs provide CKD and ESRD population health management delivered by a team of dedicated and highly skilled nurses who support patients both in the field and on the phone. Nurses use VillageHealth's industry-leading renal decision support and risk stratification software to manage a patient's coordinated needs. Improved clinical outcomes and reduced hospital readmission rates have contributed to improved quality of life for patients. As of 2014, VillageHealth ICM has delivered up to a 15 percent reduction in non-dialysis medical costs for ESRD patients, a 15 percent lower year-one mortality rate over a three-year period, and 27 percent fewer hospital readmissions

compared to the Medicare benchmark. Applied to DaVita's managed ESRD population, this represents an annual savings of more than $30 million.

DaVita has long been committed to helping its patients receive a thorough kidney transplant education within 30 days of their first dialysis treatment. Patients are educated about the step-by-step transplant process and requirements, health benefits of a transplant and the transplant center options available to them. The social worker or designee obtains transplant center guidelines and criteria for selection of appropriate candidates and assists transplant candidates with factors that may affect their eligibility, such as severe obesity, adherence to prescribed medicine or therapy, and social/emotional/financial factors related to post-transplant functioning.

In an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers: dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients.

DaVita Rx, the first and largest licensed, full-service U.S. renal pharmacy, focuses on the unique needs of dialysis patients. Since 2005, DaVita Rx has been helping improve outcomes by delivering medications to dialysis centers or to patients' homes, making it easier for patients to keep up with their drug regimens. DaVita Rx patients have medication adherence rates greater than 80%, almost double that of patients who fill their prescriptions elsewhere, and are correlated with 40% fewer hospitalizations.

Awards

DaVita has been repeatedly recognized for its commitment to its employees (or teammates), particularly its more than 1,700 teammates who are reservists, members of the National Guard, military veterans, and military spouses. Victory Media, publisher of *GI Jobs®* and *Military Spouse* magazine, recently recognized DaVita as the best 2016 Military Friendly Employer in the health care industry and 34th among all industries. Companies competed for the elite Military Friendly® Employer title by completing a data-driven survey. Criteria included a benchmark score across key programs and policies, such as the strength of company military recruiting efforts, percentage of new hires with prior military service, retention programs for veterans, and company policies on National Guard and Reserve service. DaVita was also named as a Civilianjobs.com Most Valuable Employer (MVE) for Military winner for five consecutive years. The MVE was open to all U.S.-based companies, and winners were selected based on surveys in which employers outlined their recruiting, training and retention plans that best serve military service members and veterans.

In May 2016, DaVita was certified by WorldBlu as a "Freedom-Centered Workplace." For the ninth consecutive year, DaVita appeared on WorldBlu's list, formerly known as "most democratic" workplaces. WorldBlu surveys organizations' teammates to determine the level of democracy practiced. For the fifth consecutive year, DaVita was recognized as a Top Workplace by *The Denver Post*. DaVita was recognized among *Training* magazine's Top 125 for its whole-person learning approach to training and development programs for the twelfth year in a row. Finally, DaVita has been recognized as one of *Fortune®* magazine's Most Admired Companies in 2016 – for the ninth consecutive year and tenth year overall.

Service to the Community

DaVita is also committed to sustainability and reducing its carbon footprint. In fact, it is the only kidney care company recognized by the Environmental Protection Agency for its sustainability initiatives. In 2010, DaVita opened the first LEED-certified dialysis center in the U.S. *Newsweek* Green Rankings recognized DaVita as a 2016 Top Green Company in the United States, and it has appeared on the list every year since the inception of the program in 2009. Furthermore, DaVita annually saves approximately

8 million pounds of medical waste through dialyzer reuse and it also diverts more than 85 percent of its waste through composting and recycling programs. It has also undertaken a number of similar initiatives at its offices and has achieved LEED Gold certification for its corporate headquarters. In addition, DaVita was also recognized as an "EPA Green Power Partner" by the U.S. Environmental Protection Agency.

DaVita consistently raises awareness of community needs and makes cash contributions to organizations aimed at improving access to kidney care. DaVita provides significant funding to kidney disease awareness organizations such as the Kidney TRUST, the National Kidney Foundation, the American Kidney Fund, and several other organizations. Its own employees (or teammates), make up the "DaVita Village," assisting in these initiatives.

DaVita Way of Giving program donated $2 million in 2016 to locally based charities across the United States. Since 2011, DaVita teammates have donated $9.1 million to thousands of organizations through DaVita Way of Giving. Through Village Service Days, groups of three or more teammates can plan and execute a service project with a local nonprofit. DaVita teammates and their families and friends have volunteered more than 140,000 hours through 3,600 Village Service Days projects since 2006.

DaVita does not limit its community engagement to the U.S. alone. Bridge of Life is the primary program of DaVita Village Trust, an independent 501(c)(3) nonprofit organization, which supports approximately 30 international medical missions and over 50 domestic missions and CKD screening events each year. In 2016, more than 300 DaVita volunteers supported these missions, impacting nearly 19,000 men, women and children in 15 countries.

In 2016, DaVita celebrated the 10th anniversary of Tour DaVita, an annual, three-day, 250-mile bicycle ride, to raise awareness about kidney disease. The ride raised $1.25 million to benefit Bridge of Life. Since 2007, DaVita cyclists and Tour supporters have raised more than $8.6 million to fight kidney disease. Bridge of Life serves thousands of men, women and children around the world through kidney care, primary care, education and prevention and medically supported camps for kids.

1. A list of health care facilities owned or operated by the applicants in Illinois is attached at Attachment – 11A. Dialysis facilities are currently not subject to State Licensure in Illinois.

2. Neither the Centers for Medicare and Medicaid Services nor the Illinois Department of Public Health ("IDPH") has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any of the applicants, or against any Illinois health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application. Certification that no adverse action has been taken against either of the applicants or against any health care facilities owned or operated by the applicants in Illinois within three years preceding the filing of this application is attached at Attachment – 11B.

3. An authorization permitting the Illinois Health Facilities and Services Review Board ("State Board") and IDPH access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11B.